

May 8, 2025

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF ONTARIO (the Jurisdiction)  
AND ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,  
NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, NOVA  
SCOTIA, NUNAVUT, PRINCE EDWARD ISLAND, QUÉBEC, SASKATCHEWAN,  
AND YUKON**

**AND**

**IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS  
IN MULTIPLE JURISDICTIONS**

**AND**

**IN THE MATTER OF  
FORIS DAX CAN ULC  
(C.O.B. AS CRYPTO.COM)  
(the Filer)**

**AND**

**IN THE MATTER OF  
FORIS DAX LIMITED  
(FDL)**

**AND**

**IN THE MATTER OF  
FORIS HOLDINGS US, INC.  
(the Parent Company)**

**DECISION**

**Background**

As set out in Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (**Staff Notice 21-329**) and CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**Staff Notice 21-327**), securities legislation applies to crypto asset trading platforms (CTPs) that facilitate or propose to facilitate the trading of instruments or contracts involving crypto assets because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the Canadian Securities Administrators (**CSA**) have considered an interim, time limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTP's operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer operates a platform in Canada through which the Filer's clients may enter into Crypto Contracts with the Filer to buy, sell, stake, hold, deposit and withdraw Crypto Assets (as defined below). The Filer filed an application for registration as a restricted dealer in each province and territory of Canada. Foris DAX, Inc., an affiliate of the Filer previously operated the platform in Canada and provided a pre-registration undertaking to the CSA dated August 3, 2022 (**PRU**). The operations of the platform will be transferred to the Filer on or before May 8, 2025.

While registered as a restricted dealer, the Filer intends to apply for registration as an investment dealer and seek membership with the Canadian Investment Regulatory Organization (**CIRO**) and approval to operate an alternative trading system (**ATS**). This decision (the **Decision**) has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Applicable Jurisdictions (as defined below) will not consider this Decision as constituting a precedent for other filers.

### **Relief Requested**

The securities regulatory authority or regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from:

- (a) the prospectus requirement under the Legislation in respect of the Filer entering into Crypto Contracts with clients (**Clients**, and each, a **Client**) to buy, hold, stake and sell Crypto Assets (the **Prospectus Relief**); and
- (b) the requirement in section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that, before it opens an account, takes an investment action for a Client or makes a recommendation or exercises discretion to take investment action, to determine on a reasonable basis that the action is suitable for the Client (the **Suitability Relief**).

The securities regulatory authority or regulator in the Jurisdiction and each of the other provinces and territories of Canada (the **Coordinated Review Decision Makers**) have received, as applicable, an application from the Filer for a decision under the securities legislation of those jurisdictions exempting the Filer from:

- (a) certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**); and
- (b) except in British Columbia, New Brunswick, Nova Scotia and Saskatchewan, the Marketplace Rules (as defined in Appendix A) (the **Marketplace Relief**, and, together

with the Prospectus Relief, the Suitability Relief and the Trade Reporting Relief, the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a hybrid application):

- (a) the Ontario Securities Commission is the principal regulator for this application (the **Principal Regulator**);
- (b) in respect of the Prospectus Relief and Suitability Relief, the Filer has provided notice that, in the jurisdictions where required, subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**);
- (c) the Decision is the decision of the Principal Regulator; and
- (d) in respect of the Trade Reporting Relief and the Marketplace Relief, the Decision evidences the decision of each applicable Coordinated Review Decision Maker.

### **Interpretation**

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and securities legislation have the same meaning if used in this Decision, unless otherwise defined.

For the purposes of this Decision, the following terms have the following meaning:

- (a) **Acceptable Third-party Custodian** means an entity that:
  - (i) is one of the following:
    - A. a Canadian custodian (as defined in NI 31-103) or Canadian financial institution;
    - B. a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [*Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada*] of National Instrument 81-102 *Investment Funds*;
    - C. a custodian that meets the definition of an “acceptable securities location” in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of CIRO;
    - D. a foreign custodian (as defined in NI 31-103) for which the Filer has obtained the prior written consent from the Principal Regulator and the

regulator or securities regulatory authority of the Applicable Jurisdiction(s); or

E. an entity that does not meet the criteria for a qualified custodian (as defined in NI 31-103) and for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s);

(ii) is functionally independent of the Filer within the meaning of NI 31-103;

(iii) has obtained audited financial statements within the last twelve months, which

A. are audited by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction,

B. are accompanied by an auditor's report that expresses an unqualified opinion, and

C. unless otherwise agreed to by the Principal Regulator, discloses on its statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset<sup>1</sup>; and

(iv) has obtained a Systems and Organization Controls (SOC) 2 Type 1 or SOC 2 Type 2 report within the last twelve months, or has obtained a comparable report recognized by a similar accreditation board satisfactory to the Principal Regulator and the regulator or securities regulatory authority of the Applicable Jurisdiction(s).

(b) **Act** means the *Securities Act* (Ontario).

(c) **Crypto Asset** means anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token.

(d) **Crypto Asset Statement** means the statement described in representation 30(b)(v).

(e) **Crypto.com Custody** means Foris DAX Trust Company, LLC.

---

<sup>1</sup> Similar in concept to that described in SEC Accounting Bulletin No. 121 regarding the accounting for obligations to safeguard crypto assets an entity holds for platform users.

- (f) **Dealer Platform** means the service through which Clients can buy or sell Crypto Assets from or to the Filer and includes the “Crypto.com App” iOS and Android applications that provide access to the Dealer platform.
- (g) **IOSCO** means the International Organization of Securities Commissions.
- (h) **Liquidity Provider** means a Crypto Asset trading platform or marketplace or other entity that the Filer uses to fulfill its obligations under Crypto Contracts.
- (i) **Orderbook** means the service by which Clients can, through the Filer, place maker and taker orders to buy or sell Crypto Assets on Crypto.com’s central limit order book for Crypto Assets available at <https://crypto.com/ca>, or such other website as may be used to host and provide access to the service, and includes the iOS and Android applications that provide access to the Orderbook service.<sup>2</sup>
- (j) **Permitted Client** has the same meaning ascribed to that term in NI 31-103.
- (k) **Proprietary Token** means a Crypto Asset that is not a Value-Referenced Crypto Asset and for which the person or company or an affiliate of the person or company acted as the issuer (and mints or burns the Crypto Asset) or a promoter.
- (l) **Registered CTP** means a CTP that is registered as a restricted dealer under securities legislation in one or more Applicable Jurisdictions.
- (m) **Risk Statement** means the disclosure of risks described in representation 30(b).
- (n) **Specified Crypto Asset** means Bitcoin, Bitcoin Cash, Ether, Litecoin, or a Value-Referenced Crypto Asset that complies with condition EE.
- (o) **Specified Foreign Jurisdiction** means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, Republic of Korea, New Zealand, Singapore, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America, and any other jurisdiction that the Principal Regulator may advise.
- (p) **Staking** means the act of committing or locking Crypto Assets in smart contracts to permit the owner or the owner’s agent to act as a Validator for a particular proof-of-stake consensus algorithm blockchain.
- (q) **Staking Services** means the services conducted by the Filer at the request of Clients in order to enable the Staking of Crypto Assets that are held for the benefit of Clients.
- (r) **Validator** means, in connection with a particular proof-of-stake consensus algorithm blockchain, an entity that operates one or more nodes that meet protocol requirements

---

<sup>2</sup> The Filer refers to the Orderbook service on its Platform as the “Crypto.com Advanced Trading” service.

for a Crypto Asset and participates in the consensus by broadcasting votes and committing new blocks to the blockchain.

- (s) **Value-Referenced Crypto Asset** means a Crypto Asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.
- (t) **Website** means, collectively, the website <https://crypto.com/ca> or such other website or websites as may be used to host and provide access to the Platform (as defined below) from time to time, as context dictates.

In this Decision, a person or company is an **affiliate** of another person or company if:

1. one of them is, directly or indirectly, a subsidiary of the other, or
2. each of them is controlled, directly or indirectly, by the same person.

### **Representations**

This Decision is based on the following facts represented by the Filer:

#### **The Filer**

1. The Filer is an unlimited liability corporation incorporated under the laws of the Province of Alberta, with its head office in Tyler, Texas, U.S.A.
2. The Filer is an affiliate of FDL, a Cayman Island incorporated company, and an indirect subsidiary of the Parent Company. The Parent Company is a holding company incorporated pursuant to the laws of Delaware and does not directly provide any products or services. The Filer, FDL, and the Parent Company are part of the global Crypto.com enterprise (collectively, **Crypto.com**) which, owns and operates an electronic trading platform for Crypto Assets that includes an array of services and products, offered in various countries (the **Crypto.com Global Platform**).
3. The Filer operates under the business name of “Crypto.com Canada” and “Crypto.com”. The companies comprising the “Crypto.com” brand were initially founded in 2016 in Hong Kong.
4. The Filer is registered as a Money Services Business (**MSB**) with the Financial Transactions and Reports Analysis Centre of Canada (**FINTRAC**) and complies with the applicable anti-money laundering requirements under applicable legislation and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations (**Canadian AML/ATF Law**).
5. The Filer is not and will not be a reporting issuer in any jurisdiction. The Filer and FDL do not and will not have any of its securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.

6. The Filer's and FDL's personnel consist of financial professionals, software engineers, compliance professionals and client support representatives who each have experience operating in a regulated environment such as a MSB and expertise in blockchain technology. All personnel have passed criminal records checks and sanctions checks and new personnel will have to pass criminal records and sanctions checks.
7. The Filer and FDL are not in default of securities legislation of any of the Applicable Jurisdictions, other than in respect of the subject matter to which this Decision relates.

### **The Platform**

8. The Filer offers two separate services for the trading of Crypto Contracts based on Crypto Assets that enables Clients to buy, sell, stake, hold, deposit and withdraw Crypto Assets: (1) Dealer Platform and (2) Orderbook. Each service is accessible through a separate proprietary web application and mobile application (collectively, the **Platform**).
9. Any person or company resident in Canada that wishes to use the Crypto.com Global Platform, including the Orderbook, must do so through the Platform offered by the Filer. FDL is the operator of Crypto.com's central limit order book.
10. To use the Platform, each Client must open an account (**Client Account**) using the Dealer Platform or the Orderbook. Client Accounts are governed by terms and conditions (the **Terms and Conditions**) that are accepted by Clients at the time of account opening. The rights and obligations of the Filer and each Client are set out in the Terms and Conditions, which govern all activities in Client Accounts, including with respect to all Crypto Assets purchased on, or transferred to, the Platform.
11. The Filer's trading of Crypto Contracts is consistent with activities described in Staff Notice 21-327, which constitutes the trading of securities and/or derivatives.
12. The Filer does not have any authority to act on a discretionary basis on behalf of Clients and will not manage any discretionary accounts.
13. The Filer is not a member firm of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets that are held by the Filer (directly or by one or more of the Filer's custodians) do not qualify for CIPF coverage. The Risk Statement includes disclosure that there is no CIPF coverage for the Crypto Assets and Clients must acknowledge that they have received, read and understood the Risk Statement before opening an account with the Filer.
14. The Filer currently operates the Platform and offers trading access to Clients residing in each Applicable Jurisdiction.

### **Crypto Assets Made Available Through the Platform**

15. The Filer has established and applies policies and procedures to review Crypto Assets and determine whether to allow Clients on the Platform to enter into Crypto Contracts to buy, sell, stake or hold the Crypto Assets on the Platform in accordance with the know-your-

product (**KYP**) provisions of NI 31-103 (the **KYP Policy**). Such review includes, but is not limited to, reviewing publicly available information concerning:

- (a) the creation, governance, usage, and design of the Crypto Asset, including the source code, governance and issuance documents, security and roadmap for growth in the developer community and if applicable, the background of the developer(s) that created the Crypto Asset;
  - (b) the supply, demand, maturity, utility, and liquidity of the Crypto Asset;
  - (c) material technical risks associated with the Crypto Asset, including any source code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
  - (d) legal and regulatory risks associated with the Crypto Asset, including any pending, potential or prior civil actions, regulatory proceedings, criminal or enforcement actions, or other proceedings relating to the issuance, distribution or use of the Crypto Asset.
16. The Filer only offers and only allows Clients the ability to enter into Crypto Contracts based on Crypto Assets that (a) are not each themselves a security and/or a derivative, or (b) are Value-Referenced Crypto Assets, in accordance with condition EE of this Decision.
17. The Filer does not allow Clients to enter into a Crypto Contract to buy, sell or stake Crypto Assets unless the Filer has taken steps to:
- (a) assess the relevant aspects of the Crypto Asset pursuant to the KYP Policy and, as described in representation 15 to determine whether it is appropriate for its Clients;
  - (b) approve the Crypto Asset and the applicable Crypto Contract to buy, sell and stake such Crypto Asset, to be made available to Clients; and
  - (c) monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs as described in representation 20.
18. The Filer is not engaged, and will not engage without the prior written consent of the Principal Regulator, in trades that are part of or designed to facilitate the design, creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuer, or affiliates or associates of such persons.
19. As set out in the Filer's KYP Policy, the Filer determines whether a Crypto Asset available to be traded through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:
- (a) consideration of statements made by any regulators or securities regulatory authorities of the Applicable Jurisdictions, other regulators in IOSCO member



jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and

- (b) if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Applicable Jurisdictions.
- 20. The Filer monitors ongoing developments related to Crypto Assets available on its Platform that may cause a Crypto Asset's status as a security and/or derivative or the assessment conducted by the Filer pursuant to its KYP Policy and as described in representations 15 to 19 to change.
  - 21. The Filer acknowledges that any determination made by the Filer as set out in representations 15 to 19 does not prejudice the ability of any of the regulators or securities regulatory authorities of a province or territory of Canada to determine that a Crypto Asset is a security and/or derivative.
  - 22. The Filer has established and applies policies and procedures to promptly halt the purchase of any Crypto Asset available on the Platform and to allow Clients to transfer or liquidate in an orderly manner their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on the Platform.

### **Account Opening**

- 23. To access the Platform, each Client must open a Client Account using the Dealer Platform or the Orderbook. Clients are required to open separate Client Accounts to access each the Dealer Platform and the Orderbook, and may elect to sign up for both services or for one service only. If a Client wishes to sign up for both services, the Client will need to undergo the account opening process separately for each Client Account.
- 24. The Filer has established and will maintain and apply eligibility criteria for the onboarding of all Clients. All Clients must successfully complete the Filer's know your client process to satisfy the requirements under Canadian AML/ATF laws that are applicable to FINTRAC-registered MSBs. Each Client who is an individual, and each individual who is authorized to give instructions for a Client that is a legal entity, must be: (a) a Canadian citizen or permanent resident; and (b) 18 years or older.
- 25. The Filer does not provide recommendations or advice to Clients or conduct a trade-by-trade suitability determination for Clients, but will perform product assessments pursuant to the KYP Policy and, for Clients other than Permitted Clients and Registered CTPs, account appropriateness assessments taking into account the following factors (the **Account Appropriateness Factors**):
  - (a) the Client's experience and knowledge in investing in Crypto Assets;
  - (b) the Client's financial circumstances;

- (c) the Client's risk tolerance; and
  - (d) the Crypto Assets, which are approved to be made available to a Client by entering into Crypto Contracts on the Platform.
- 26. The Filer has adopted and will apply policies and procedures to conduct an assessment to establish appropriate limits on the losses that a Client that is not a Permitted Client or a Registered CTP can incur and what limits will apply to such Client based on the Account Appropriateness Factors (the **Client Limit**), and what steps the Filer will take when the Client approaches or exceeds their Client Limit. This assessment of the Client Limit takes into consideration the Account Appropriateness Factors. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limits.
- 27. The Account Appropriateness Factors will be used by the Filer to evaluate whether entering into Crypto Contracts with the Filer is appropriate for a prospective Client, other than a Permitted Client or a Registered CTP.
- 28. After completion of the account appropriateness assessment, a prospective Client that is not a Permitted Client or a Registered CTP will receive appropriate messaging about using the Platform to enter into Crypto Contracts, which, in the circumstances where the Filer has evaluated that doing so is not appropriate for the prospective Client, will include prominent messaging to the prospective Client that this is the case and that the Client will not be permitted to open an account for the purposes of entering into Crypto Contracts.
- 29. Additionally, the Filer will monitor the accounts after opening to identify activity inconsistent with the Client's account, KYP Policy and account appropriateness assessment. If warranted, the Client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about their activity. The Filer will monitor compliance with the Client Limits established in representation 26. If warranted, the Client will receive a warning when their account is approaching its Client Limit, which will include information on steps the Client may take to prevent the Client from incurring further losses.
- 30. As part of the account opening process, the Filer will provide a prospective Client with:
  - (a) the Terms and Conditions, which includes the terms and conditions of opening and operating a Client Account on the Platform, and
  - (b) a separate Risk Statement that clearly explains the following in plain language:
    - (i) the Crypto Contracts;
    - (ii) the risks associated with the Crypto Contracts;
    - (iii) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;

- (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence taken by the Filer to assess whether the Crypto Asset is a security and/or a derivative under the securities and derivatives legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;
- (v) that the Filer has prepared a plain language description of each Crypto Asset and of the risks of Crypto Assets made available through the Platform, with instructions as to where on the Platform or Website the Client may obtain the descriptions (each, a **Crypto Asset Statement**);
- (vi) the Filer's policies for halting, suspending, and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to Clients holding such a Crypto Asset, any notification periods, and any risks to Clients;
- (vii) the location and the manner in which Crypto Assets are held for the Client, and the risks and benefits to the Client of the Crypto Assets being held in that location and in that manner, including the impact of insolvency of the Filer or the Acceptable Third-party Custodian;
- (viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the Client arising from the Filer having access to the Crypto Assets in that manner;
- (ix) the Filer is not a member of CIPF and the Crypto Contracts and Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection;
- (x) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
- (xi) the date on which the information was last updated.

31. In order for a prospective Client to open and operate a Client Account with the Filer, the Filer will deliver the Risk Statement to the prospective Client and obtain an electronic acknowledgment from the prospective Client confirming that the prospective Client has received, read, and understood the Risk Statement. Such acknowledgment will be prominent and will be provided by the prospective Client as part of the account opening process.
32. A copy of the Terms and Conditions and the Risk Statement acknowledged by a Client

will be made available to the Client in the same place as the Client's other statements on the Platform, including on the Website.

33. The Filer has policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, Crypto Assets generally, or a specific Crypto Asset, or the staking of Crypto Assets generally or of a Stakeable Crypto Asset (as defined in representation 105) as the case may be. In the event the Risk Statement or the Crypto Asset Statement is updated, existing Clients of the Filer will be promptly notified and provided with specific links to the updated document(s).
34. For Clients with pre-existing accounts with the Filer at the date of this Decision, the Filer will deliver to the Client the updated Terms and Conditions and the Risk Statement and will require the Client to provide an electronic acknowledgement of having received, read, and understood the Terms and Conditions and the Risk Statement at the earlier of (a) before placing their next trade or deposit of Crypto Assets on the Platform and (b) the next time they log in to their account with the Filer.
35. Before a Client enters into a Crypto Contract to buy a Crypto Asset on the Platform, the Filer will provide the Client with details concerning the proposed transaction and an instruction to read the Crypto Asset Statement relating to such Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or App.
36. Each Crypto Asset Statement includes:
  - (a) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any Crypto Assets made available through the Platform;
  - (b) a description of the Crypto Asset, including the background of the creation of the Crypto Asset and the background of the developer(s) that created the Crypto Asset, if applicable;
  - (c) a description of the due diligence performed by the Filer with respect to the Crypto Asset;
  - (d) any risks specific to the Crypto Asset;
  - (e) a direction to the Client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the Platform;
  - (f) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and
  - (g) the date on which the information was last updated.

37. The Filer also prepares and makes available to its Clients, on an ongoing basis and in response to emerging issues in Crypto Assets, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

## **Platform Operations**

38. The Platform is a venue where approved Clients can enter into Crypto Contracts for supported Crypto Assets, and the Orderbook may, in some Canadian jurisdictions, constitute the operation of a marketplace under applicable securities legislation.
39. All transactions entered into by Clients to buy, sell or stake Crypto Assets are placed with the Filer through the Dealer Platform or the Orderbook.
40. Clients are able to submit buy and sell orders or stake Crypto Assets, 24 hours a day, 7 days a week. Clients are able to deposit and withdraw Crypto Assets and fiat currency, 24 hours a day, 7 days a week (or where applicable, for fiat currency during banking hours).
41. Through the Dealer Platform, Clients can enter into Crypto Contracts with the Filer directly, meaning the Filer is the counterparty to all buy and sell transactions initiated by a Client. For each of these transactions, the Filer will be a counterparty to a corresponding Crypto Asset buy or sell transaction with a Liquidity Provider.
42. With respect to Client purchases through the Dealer Platform, the Filer purchases the requisite amount of Crypto Assets on a just-in-time basis from the Liquidity Provider(s) as is necessary to execute sales to its Clients. Additionally, the Filer immediately sells the Crypto Assets it purchases from Clients through the Dealer Platform to Liquidity Provider(s). The Filer promptly settles transactions with the Liquidity Provider(s) on a net basis. The Custodians (as defined in representation 85) hold the Crypto Assets sold by the Filer to the Clients in accordance with representation 90.
43. The Filer has taken or will take reasonable steps to verify that each Liquidity Provider is appropriately registered and/or licensed to trade in the Crypto Assets in its home jurisdiction, or that its activities do not require registration in their home jurisdiction, and that it is not in default of securities legislation in the Applicable Jurisdictions.
44. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.
45. Before executing a Crypto Contract transaction initiated by a Client in the Dealer Platform, the Filer presents to the Client a transaction price calculated based on a variety of market factors related to the specific order initiated. Once the price is displayed, the Client has up to 15 seconds to confirm the purchase or sale transaction before such price presentation lapses and a new order must be initiated.
46. In addition, the Filer offers a separate service through the Orderbook. Through the Filer, Clients can place maker and taker orders to buy or sell Crypto Assets on the Crypto.com central limit order book. Orders on the Orderbook are matched by a matching engine, on

a non-discretionary basis, based on the price and time that the orders are placed, with earlier orders taking priority over later orders placed at the same price. In some jurisdictions, the Orderbook constitutes an ATS under applicable securities legislation while in other jurisdictions it constitutes an exchange under applicable securities legislation and will be regulated as an exempt exchange.

47. The Filer also allows institutional Clients with a Client Account to place orders through one of the Filer's designated representatives, and refers to this service as the "over-the-counter (**OTC**) trading service". The Filer is the counterparty on all OTC trades and each trade results in a bilateral contract between the client and the Filer. Institutional clients using the OTC trading service may not necessarily take immediate delivery of the Crypto Assets. These services are subject to securities legislation, including the terms and conditions of this Decision.
48. Depending on the nature of the transaction, the Filer is primarily compensated through either: (i) trading fees associated with trades occurring on the Platform; or (ii) the spread on Crypto Assets that are sold when it is the counterparty to a two-party transaction with Clients. The Filer does not have any control over a blockchain network's validation fees. The Filer discloses all fees charged by the Filer to Clients and, if applicable and to the extent feasible, third-party and other fees that a Client may incur.
49. The Platform is an "open loop" system, meaning Clients are permitted to deposit Crypto Assets acquired outside the Platform into their accounts with the Filer from eligible blockchain addresses. These blockchain addresses are screened against "blacklists" maintained by industry participants as well as known Canadian and international sanctions lists. Any "hits" are blocked and reported accordingly. Crypto Assets deposited will be safeguarded on behalf of Clients for their benefit. Clients also have the right to obtain delivery of Crypto Assets in which they have an interest pursuant to their Crypto Contracts with the Filer by requesting that the Filer deliver the Crypto Assets to the Client at an eligible blockchain address.
50. Each transaction a Client undertakes on the Platform results in a bilateral contract between the client and the Filer.
51. The Filer records all of the transactions executed via the Dealer Platform and the Orderbook in separate internal ledgers maintained by the Filer for each such service (each, a **Ledger**). In order for a client to place an order, their account must be pre-funded with the applicable asset (fiat currency or Crypto Asset). When a client's order is executed through the Platform, the applicable Ledger is updated in real-time. Because all assets are already verified as being available from both the buyer and the seller prior to order entry, all trades are settled as between the Filer and each client immediately after the order is filled. Execution occurs on the Platform and settlement is immediate and recorded in the applicable Ledger.
52. The Filer and any of its affiliates do not, and will not extend margin, credit or other forms of leverage to Clients in Canada, and will not offer derivatives based on Crypto Assets to

Clients in Canada other than Crypto Contracts. The Filer does not allow clients to enter into a short position with respect to any Crypto Asset.

53. Clients can view and download the recent transaction history in their Client Account with the Filer at any time through the Dealer platform or the Orderbook and may request delivery of their complete transaction history including electronic trade confirmations. The Filer will send monthly statements.
54. The Filer has implemented policies and procedures designed to address the risks associated with potential instances of abusive trading on the Platform.
55. The Filer has implemented policies, procedures, and internal controls designed to address operational risk, custody risk, and liquidity risk.

#### **Fair Access**

56. The Filer has established and applies written standards for access to the Platform and related services that do not permit unreasonable discrimination among Clients or impose any burden on competition that is not reasonably necessary and appropriate, as described in representations 23 to 25, and has established and maintains and ensures compliance with policies and procedures to ensure clients are onboarded to the Platform and related services in accordance with those written standards.

#### **Market Integrity**

57. The Filer has taken reasonable steps to ensure that it operates a fair and orderly marketplace for Crypto Contracts, including the establishment of price and volume thresholds for orders entered on the Platform.
58. The Filer does not expect trading on the Platform to have a material impact on the global market for any Crypto Asset available through the Platform.
59. The Filer does not provide a client with access to the Platform unless it has the ability to terminate all or a portion of a client's access, if required.
60. The Filer has the ability to cancel, vary or correct trades and makes public, fair and appropriate policies governing the cancellation, variation or correction of trades on the Platform, including in relation to trades where the Filer acting as principal was a counterparty to the trade.
61. The Filer has established, maintains and ensures compliance with policies and procedures and maintains staff knowledge and expertise, and systems to monitor for and investigate potential instances of trading on the Platform that does not comply with applicable securities legislation (including prohibitions against market manipulation, insider trading and other abusive trading prohibitions) or any trading requirements set out in the Terms and Conditions, and has appropriate provisions and mechanisms for escalation of identified issues of non-compliance, including referral to the applicable securities regulatory authority where appropriate, to allow the Filer to take any resulting action

considered appropriate to promote a fair and orderly market and address potential breaches of applicable securities legislation relating to trading on the Platform, which may include halting trading or limiting a client's activities on the Platform.

62. The policies and procedures referred to in the preceding paragraph include policies and procedures to track, review and take appropriate action in the context of complaints and reports from clients of potential instances of abusive trading on the Platform.
63. The Filer currently conducts surveillance of the Platform, which includes both automated and manual processes, for detecting abusive trading (including wash trading) and fraudulent activity. The Filer anticipates continuing development of its market surveillance software after becoming registered as a restricted dealer and resuming discussions with CIRO.

### **Transparency of Operations and of Order and Trade Information**

64. The Filer discloses information reasonably necessary to enable a person or company to understand the marketplace operations or services, including:
  - (a) access criteria, including how access is granted, denied, suspended, or terminated and whether there are differences between clients in access and trading;
  - (b) procedures for funding buys and for withdrawing funds held by a client in its account with the Platform;
  - (c) risks related to the operation of and trading on the Platform, including loss and cyber-risk;
  - (d) hours of trading (in the event trading is not available at certain hours);
  - (e) all fees and any compensation provided to the Filer or any affiliate, including foreign exchange rates, spreads etc.;
  - (f) how orders are entered, handled and interact including:
    - (i) the circumstances where orders trade with the Filer or an affiliate acting as principal or liquidity provider, including any compensation provided;
    - (ii) where entered into the order book, the types of orders, and how orders are matched and executed;
  - (g) policies and procedures relating to error trades, cancellations, modifications and dispute resolution;
  - (h) a list of all Crypto Assets and products available for trading on the Platform, along with the associated Crypto Asset Statements;
  - (i) conflicts of interest and the policies and procedures to manage or avoid them;



- (j) the process for payment and settlement of transactions;
  - (k) how the Filer safeguards client assets, including the extent to which the Filer self-custodies client assets, along with the identity of any third-party custodians relied on by the Filer to hold client assets;
  - (l) access arrangements with a third-party services provider, if any; and
  - (m) requirements governing trading, including prevention of manipulation and other market abuse.
65. The Filer provides for an appropriate level of transparency regarding the orders and trades on the Platform, including that:
- (a) the Filer displays on its website price charts in various currencies, including the Canadian dollar, for each Crypto Asset traded on which members of the public can view historic pricing information; and
  - (b) clients using the Orderbook can view the order book live on the Platform and generate queries to get executed trade history to assist them in making informed investment and trading decisions.

### **Confidentiality of Clients' Order and Trade Information**

66. The Filer maintains policies and procedures to safeguard the confidentiality of client information, including information relating to their trading activities.
67. The Filer establishes, maintains and applies policies and procedures relating to confidentiality, information containment and the supervision of trading in Crypto Contracts and Crypto Assets by individuals acting on behalf of the Filer and to maintain material, non-public information about Crypto Contracts and Crypto Assets in confidence.

### **Books and Records**

68. The Filer keeps books and records and other documents to accurately record its business activities, financial affairs and client transactions, and to demonstrate the Filer's compliance with applicable requirements of securities legislation, including but not limited to:
- (a) a record of all prospective clients granted or denied access to the Platform;
  - (b) daily trading summaries of all Crypto Assets traded, with transaction volumes and values; and
  - (c) records of all orders and trades, including the price, volume, times when the orders are entered, matched, cancelled or rejected, and the identifier of the client that entered the order or that was counterparty to the trade.

## **Internal Controls over Order Entry and Execution**

69. The Filer maintains effective internal controls over systems that support order entry and execution, including that the Filer:
- (a) has effective controls for system operations, information security, change management, problem management, network support and system software support;
  - (b) has effective security controls to prevent, detect and respond to security threats and cyber-attack on its systems that support trading and settlement services;
  - (c) has effective business continuity and disaster recovery plans;
  - (d) in accordance with prudent business practice, and on a reasonably frequent basis (at least annually):
    - (i) makes reasonable current and future systems capacity estimates;
    - (ii) conducts capacity stress tests to determine the ability of its order entry and execution systems to process transactions in an accurate, timely and efficient manner;
    - (iii) tests its business continuity and disaster recovery plans, and
    - (iv) reviews system vulnerability and its cloud-hosted environment to mitigate internal and external cyber threats; and
  - (e) continuously monitors and maintains internal controls over its systems.
70. The Filer has established and will maintain and apply effective policies and procedures to prevent fraud and market manipulation in connection with the Platform, including through policies and procedures to monitor for and investigate potential instances of abusive trading and/or fraud. Certain features of the Platform also help to limit the opportunities for fraud or market manipulation. These features include:
- (a) limiting the use of the Platform to approved Clients;
  - (b) only allowing orders to be entered by authorized users;
  - (c) using the pricing mechanics described above to price trades via the matching engine of the Orderbook; and
  - (d) prohibiting the crossing of trades between accounts of the same client.
71. The Filer has also established and maintains, and FDL has agreed to establish and maintain, policies that:
- (a) address and escalate complaints, that govern the cancellation, variation and

correction of trades executed through the Platform; and that

- (b) address the maintenance of books, records and other documents relating to the transactions executed by the Filer, including, but not limited to:
  - (i) records of all orders and trades, including the product, quotes, executed price, volume, time when the order is entered, matched, canceled or rejected, and
  - (ii) the identifier of the authorized user that entered the order.
- 72. The Filer has, and FDL has agreed to have, risk management policies and procedures and internal controls in place to minimize the risk that clearing and settlement of trades will not take place according to the Filer's rules, policies and procedures. These policies and procedures address, and mitigate, counterparty risk by, among other things, establishing an approval process for counterparties, establishing risk limits per counterparty and addressing the potential for counterparty default.
- 73. Conflicts of interest between clients are identified and addressed by the system itself because the Platform does not permit for any level of differentiation between clients. This means that all of the Filer's Clients (including the Filer's affiliates that use the Platform) are treated the same when using the Platform. Further, the Filer will charge its affiliates fees on the same basis as it charges other clients, and all fees are transparent to the client. The Filer and the Filer's affiliates also do not trade against the Filer's clients through the Platform for speculative purposes.
- 74. The Filer has established and maintains and ensures compliance with policies and procedures that:
  - (a) identify and manage or avoid conflicts of interest arising from the operation of the Platform and the related services it provides, including conflicts between the interests of its owners, its commercial interests, and the responsibilities and sound functioning of the Platform and related services.
  - (b) are designed to identify and manage or avoid conflicts of interest that arise from the trading activities on the Platform of the Filer or its affiliates as principal.
  - (c) include an appropriate level of disclosure of the specific conflicts to clients against whom the Filer or its affiliates may trade, and the circumstances in which conflicts may arise. This disclosure is included in the user agreement and other disclosures made to clients that specifically address conflicts of interest.
- 75. The Filer and FDL have policies and procedures and internal controls in place to identify and prevent fraudulent transactions. These policies and procedures:
  - (a) ensure the Filer and FDL are complying with:
    - (i) sanctions laws and regulations administered by the U.S. Department of the

Treasury's Office of Foreign Assets Control,

- (ii) other applicable sanctions laws and regulations in the jurisdictions in which FDL operates, including,
  - A. the United Nations Act (Canada),
  - B. the Special Economic Measures Act (Canada), and
  - C. the Justice for Victims of Corrupt Foreign Officials Act (Canada).
- (b) identify and prohibit users from engaging in activity with designated individuals and entities, such as terrorists and narcotics traffickers, as well as some countries, which have been specially designated by applicable government and regulatory agencies.
- (c) Along with internal controls, ensure compliance with anti-money laundering and terrorist financing legislation and regulations in the jurisdictions in which Crypto.com operates (including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)). Money laundering and terrorist financing refers to the use of the financial system to disguise proceeds of illicit activity, like funding the financial support of terrorism. The United States and international regulators have issued requirements to prevent, detect, and report activity indicative of money laundering and terrorist financing.

### **Marketplace and Clearing Agency**

- 76. In certain Applicable Jurisdictions, the Orderbook is a “marketplace” as that term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, subsection 1(1) of the Act. Because Canadian clients can only access the Orderbook as clients of the Filer, the Filer is considered to be operating the Orderbook in Canada.
- 77. The Filer has filed with the Principal Regulator completed exhibits to the Form 21-101F2 -- Information Statement Alternative Trading System for each of the following:
  - (a) Exhibit E -- Operations of the Marketplace;
  - (b) Exhibit F -- Outsourcing;
  - (c) Exhibit G -- Systems and Contingency Planning;
  - (d) Exhibit H -- Custody of Assets;
  - (e) Exhibit I -- Securities;
  - (f) Exhibit J -- Access to Services; and
  - (g) Exhibit L -- Fees.

78. In Ontario, the Filer will not operate a “clearing agency” or a “clearing house” as the terms are defined or referred to in securities or commodities futures legislation.
79. After a trade has been executed on behalf of a client by the Filer, the client’s account on the Orderbook is immediately debited by the amount of the fiat or Crypto Asset sold, and credited by the amount of the fiat or Crypto Asset purchased by the client (less any fees) on a delivery versus payment basis. This settlement process may occur between two client accounts on the Orderbook, or between one client account on the Platform and a client account in another jurisdiction operated by a Crypto.com affiliate. Upon completion of this settlement process, the updated balances in the accounts on both sides of the trade are available to the respective clients.
80. As described above in representation 51, all Crypto Contracts are settled as between the Filer and each client immediately after the order is filled. Execution occurs on the Orderbook and settlement is immediate and recorded in the Orderbook Ledger.
81. The Filer has risk management controls in place to minimize the risk that clearing and settlement of trades will not take place according to the Filer’s rules, policies and procedures. Importantly, all Crypto Assets and fiat currency which underlie the Crypto Contracts traded by the Filer’s clients using the Platform are in the custody and control of Crypto.com Custody, FDL, the Filer’s cash custodians or the Filer at all times.

### **Custody of Fiat Currency and Crypto Assets**

82. The Filer holds Crypto Assets (i) in blockchain wallets or accounts clearly designated for the benefit of Clients or in trust for Clients, (ii) separate and apart from the assets of non-Canadian clients; and (iii) separate and apart from its own assets and from the assets of any custodial service provider. The Filer is not permitted to and does not pledge, re-hypothecate or otherwise use any Crypto Assets held on behalf of its Clients.
83. The Filer is proficient and experienced in holding Crypto Assets, and has established, and will maintain and apply policies and procedures that manage and mitigate custodial risks, including but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets and a mechanism for the return of the Crypto Assets to Clients in the event of bankruptcy or insolvency of the Filer. The Filer also maintains appropriate policies and procedures related to IT security, cyber-resilience, disaster recovery capabilities and business continuity plans.
84. The Filer has expertise in and has developed anti-fraud and anti-money-laundering monitoring systems, for both fiat and Crypto Assets, to reduce the likelihood of fraud, money laundering, or client error in sending or receiving Crypto Assets to incorrect wallet addresses.
85. The Filer has retained the services of the following Acceptable Third-party Custodians (the **Custodians** and each a **Custodian**) to hold not less than 80% of the total value of Crypto

Assets held on behalf of clients:

- (a) Crypto.com Custody
- (b) BitGo Trust Company, Inc. (**BitGo**).

86. Crypto.com Custody is a New Hampshire limited liability company operating as a New Hampshire-chartered trust company under the supervision of the New Hampshire Banking Department (**NHBD**) since 2024. Crypto.com Custody provides custody accounts to North American institutions and high net worth clients for the safekeeping of crypto assets. The Filer also assessed whether each Custodian meets the definition of an Acceptable Third-party Custodian.
87. Crypto.com Custody has undergone a SOC 1 Type 1 examination, which evaluates the design and implementation of financial operations and reporting controls and a SOC 2 Type 1 examination, which evaluates the design and implementation of security, availability, and confidentiality controls. The Filer has reviewed such reports and has not identified any material concerns.
88. Crypto.com Custody and the Filer have entered into a custodial services agreement (the **Custody Agreement**), whereby Crypto.com Custody's personnel only perform services at the Filer's instructions with respect to Crypto Assets that Crypto.com Custody holds for Clients of the Filer. There are no other parties to the Custody Agreement. Accordingly, Crypto.com Custody cannot be instructed by any third party, including FDL or the Parent Company, to move the Filer's Client assets held by Crypto.com Custody. Access to servers, databases, data and systems of Crypto.com Custody's custody function in relation to any transfer or withdrawal of the Filer's Client assets is strictly limited to personnel acting on behalf of Crypto.com Custody.
89. The Filer will designate certain individuals, who will be members of its personnel, as authorized to give instructions under the Custody Agreement. Such authorized individuals have appropriate authority, sophistication, expertise, and knowledge to understand the nature and risks, and make informed decisions, in respect of the custody services provided by Crypto.com Custody.
90. Those Crypto Assets that the Custodians hold for Clients of the Filer are held in segregated omnibus accounts in the name of the Filer in trust for or for the benefit of the Filer's Clients and are held separate and distinct from the assets of the Filer, the Filer's affiliates, and the Custodians' other Clients.
91. Each Custodian shall have established and apply policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents. Each Custodian shall have established and shall apply written disaster recovery and business continuity plans.
92. Crypto.com Custody is not liable for any material financial obligations of the Filer or any

affiliate of the Filer. Crypto.com Custody has its own board of managers, officers (including a compliance officer), and employees separate from those of the Filer. The board's audit committee includes an independent member of the board of managers, meaning such individual is not employed by or otherwise involved in the management of any other Crypto.com entity. Crypto.com Custody has its own policies and procedures governing its operations which are separate from the policies and procedures of the Filer. Crypto.com Custody obtains various services from its affiliates under intercompany agreements. Access to the private keys in Crypto.com Custody's custody is limited to personnel working on behalf of Crypto.com Custody.

93. Crypto.com Custody has established and applies its own policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to protect, detect, and mitigate security breaches and cyber incidents. Crypto.com Custody has established and applies written disaster recovery and business continuity plans.
94. The Filer has assessed the risks and benefits of using Crypto.com Custody and has determined that in comparison to Canadian custodians (as that term is defined in NI 31-103), it is more prudent and beneficial to use Crypto.com Custody, to hold the Crypto Assets with such Custodian rather than using a Canadian custodian. As necessary, the Filer may use other custodians that meet the definition of an Acceptable Third-party Custodian so that it can utilize alternative or back-up custodial services in appropriate circumstances for Crypto Assets supported by the Filer.
95. All Client cash that is being held by the Filer is and will be held in trust for the benefit of the Filer's Clients with a qualified custodian in a designated trust account or in an account designated for the benefit of Clients of the Filer and separate and apart from the Filer's fiat currency balances.
96. Each of the Custodians maintains an appropriate level of insurance for Crypto Assets held by such Custodian. The Filer has assessed the Custodians' insurance policies and has determined, based on information that is publicly available and on information provided by the Custodians and considering the controls of the Custodians' business, that the amount of insurance is appropriate.
97. The Filer maintains a database of the balances of the Client Crypto Assets which is reconciled each business day against the various wallet balances of the Filer and at the Custodians to ensure all Client Crypto Assets are accounted for. Clients' Crypto Assets held in trust or for the benefit of Clients with Custodians are deemed to be the Clients' Crypto Assets in case of the insolvency and/or bankruptcy of the Filer or of its Custodians.
98. The Filer utilizes proprietary Crypto Asset wallet technology. The Filer uses this technology to store private keys and interact with various blockchains to receive Crypto Asset deposits from the Filer's Clients and to execute Client's instructions to withdraw Crypto Assets to the Client's designated recipient wallet. Deposits are transmitted to

Crypto.com Custody for secure storage in Crypto.com Custody's cold wallets.

99. Crypto.com Custody utilizes proprietary Crypto Asset cold wallet technology to store private keys and interact with various blockchains to store Crypto Assets, send and receive Crypto Assets, and monitor balances. As needed, the Filer works with BitGo for additional cold storage solutions of Crypto Assets.
100. BitGo is a South Dakota corporation operating as a South Dakota trust company under the supervision of the South Dakota Division of Banking. BitGo is an Acceptable Third-party Custodian. The Filer has reviewed a copy of BitGo's most recent SOC 2, Type 2 audit report prepared by BitGo's auditor, and has not identified any material concerns.
101. The Filer and Crypto.com Custody maintain an appropriate level of insurance which covers losses of assets held by the Filer and Crypto.com Custody on behalf of its clients, including the Filer as a client of Crypto.com Custody, due to third-party hacks, copying or theft of private crypto graphic keys, insider theft or dishonest acts by the Filer's employees or executives, Crypto.com Custody employees or executives, and loss of cryptographic keys. The insurance policies benefit other entities in the Crypto.com group of companies. The Filer has assessed the insurance policies and has determined, based on information that is publicly available and on information provided by Crypto.com Custody and considering the scope of Crypto.com Custody's business, that the amount of insurance is appropriate an appropriate level of insurance for Crypto Assets held by an Acceptable Third-party Custodian.
102. BitGo maintains an appropriate level of insurance which covers losses of assets held by the Filer on behalf of its Clients, in the event of theft of Crypto Assets secured by BitGo due to copying or theft of private keys, or any malicious or intentional misbehaviour or fraud committed by employees, will be distributed among applicable BitGo's customers, which could include the Filer, pursuant to an insurance settlement agreement.
103. The insurance obtained by the Filer includes coverage for loss or theft of the Crypto Assets, in accordance with the terms of the Filer's insurance policy, and the Filer has assessed the insurance coverage to be sufficient to cover the loss of Crypto Assets, whether held directly by the Filer or indirectly through the Custodians.

## **Staking Services**

104. The Filer also offers Staking Services to its Clients resident in each of the provinces and territories of Canada by which the Filer arranges to stake Crypto Assets and earn staking rewards for participating Clients.
105. The Filer offers Clients the Staking Services only for (i) Crypto Assets of blockchains that use a proof-of-stake consensus mechanism and (ii) the staked Crypto Assets that are used to guarantee the legitimacy of new transactions the Validator adds to the blockchain (**Stakeable Crypto Assets**).
106. The Filer is proficient and knowledgeable about staking Stakeable Crypto Assets.



107. The Filer itself shall not act as a Validator unless the Principal Regulator has provided its prior written consent. The Filer has entered into written agreements with third party Validators to provide services in respect of staking Stakeable Crypto Assets. These Validators are proficient and experienced in staking Stakeable Crypto Assets.
108. Before engaging a Validator, the Filer conducts due diligence on the Validator, with consideration for the Validator's management, infrastructure and internal control documentation, security measures and procedures, reputation of operating nodes, use by others, measures to operate nodes securely and reliably, amount of Crypto Assets staked by the Validator on its own nodes, quality of work, including any slashing incidents or penalties, financial status and insurance, and registration, licensing or other compliance under applicable laws, particularly securities laws. Where the Filer engages a Custodian to custody Crypto Assets designated for the Staking Services, the Filer conducts due diligence on how the Custodian custodies the Crypto Assets.
109. The Filer currently offers the Staking Services in respect of the Aptos, Avalanche, Cardano, Celestia, Cosmos, Cronos, Ethereum, MultiversX, Near, Polkadot, Solana, and Polygon blockchains. The Filer may offer the Staking Services in respect of other Stakeable Crypto Assets in the future.
110. The Filer, as part of its KYP Policy, reviews the Stakeable Crypto Assets made available to Clients for staking and staking protocols related to those Stakeable Crypto Assets prior to offering those Stakeable Crypto Assets as part of the Staking Services. The Filer's review includes the following:
- (a) the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (b) the operation of the proof-of-stake blockchain for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (c) the staking protocols for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (d) the risks of loss of the staked Stakeable Crypto Assets, including from software bugs and hacks of the protocol;
  - (e) the Validators engaged by the Filer, including, but not limited to, information about:
    - (i) the persons or entities that manage and direct the operations of the Validator,
    - (ii) the Validator's reputation and use by others,
    - (iii) the amount of Crypto Assets the Validator has staked on its own nodes,

- (iv) the measures in place by the Validator to operate the nodes securely and reliably,
  - (v) the financial status of the Validator,
  - (vi) the performance history of the Validator, including but not limited to the amount of downtime of the Validator, past history of “double signing” and “double attestation/voting”,
  - (vii) any losses of Stakeable Crypto Assets related to the Validator’s actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the Validator, and
  - (viii) any guarantees offered by the Validator against losses including losses resulting from slashing or other penalties and any insurance obtained by the Validator that may cover this risk.
111. The Filer, as part of its account appropriateness assessment, evaluates whether offering the Staking Services is appropriate for a Client before providing access to an account that makes available the Staking Services and, on an ongoing basis, at least once in each 12-month period.
112. If, after completion of an account appropriateness assessment, the Filer determines that providing the Staking Services is not appropriate for the Client, the Filer will include prominent messaging to the Client that this is the case and the Filer will not make available the Staking Services to the Client.
113. The Filer only stakes the Stakeable Crypto Assets of those Clients who have agreed to the Staking Services and have allocated Stakeable Crypto Assets to be staked. Where a Client no longer wishes to stake all or a portion of the allocated Stakeable Crypto Assets, subject to any Lock-Up Periods (as defined below) or any terms of the Staking Services that permit the Client to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-Up Periods, the Filer ceases to stake those Stakeable Crypto Assets.
114. Before the first time a Client allocates any Stakeable Crypto Assets to be staked, the Filer delivers to the Client the Risk Statement that includes the risks with respect to staking and the Staking Services described in representation 115 below, and requires the Client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
115. The Filer clearly explains in the Risk Statement the risks with respect to staking and the Staking Services in plain language, which includes:
- (a) the details of the Staking Services and the role of all third parties involved;

- (b) the due diligence performed by the Filer with respect to the proof-of-stake consensus protocol for each Stakeable Crypto Asset for which the Filer provides the Staking Services;
  - (c) the details of the Validators that will be used for the Staking Services and the due diligence performed by the Filer with respect to the Validators;
  - (d) the details of whether and how the custody of staked Stakeable Crypto Assets differs from Stakeable Crypto Assets held on behalf of the Filer's Clients that are not engaged in staking;
  - (e) the general risks related to staking and any risks arising from the arrangements used by the Filer to offer the Staking Services (e.g., reliance on third parties; risk of loss due to technical errors or bugs in the protocol; hacks or theft from the Crypto Assets being held in hot wallets (if applicable), etc.) and how any losses will be allocated to Clients;
  - (f) whether the Filer will reimburse Clients for any Stakeable Crypto Assets lost due to slashing or other penalties imposed due to Validator error, action or inactivity or how any losses will be allocated to Clients;
  - (g) whether any of the staked Stakeable Crypto Assets are subject to any lock-up, unbonding, unstaking, or similar periods imposed by the Crypto Asset protocol, custodian or Validator, where such Crypto Assets will not be accessible to the Client or will be accessible only after payment of additional fees or penalties or forfeiture of any rewards (**Lock-up Periods**); and
  - (h) how rewards are calculated on the staked Stakeable Crypto Assets, including any fees charged by the Filer or any third party, how rewards are paid out to Clients, and any associated risks.
116. Immediately before each time that a Client allocates Stakeable Crypto Assets to be staked under the Staking Services, the Filer requires the Client to acknowledge the risks of staking Stakeable Crypto Assets as may be applicable to the particular Staking Services or each particular Stakeable Crypto Asset, including, but not limited to:
- (a) that the staked Stakeable Crypto Asset may be subject to a Lock-up Period and, consequently, the Client may not be able to sell or withdraw their Stakeable Crypto Asset for a predetermined or unknown period of time, with details of any known period, if applicable;
  - (b) that given the volatility of Crypto Assets, the value of a Client's staked Stakeable Crypto Asset when they are able to sell or withdraw, and the value of any Stakeable Crypto Asset earned through staking, may be significantly less than the current value;

- (c) how rewards will be calculated and paid out to Clients and any risks inherent in the calculation and payout of any rewards;
  - (d) that there is no guarantee that the Client will receive any rewards on the staked Stakeable Crypto Asset, and that past rewards are not indicative of expected future rewards;
  - (e) whether rewards may be changed at the discretion of the Filer;
  - (f) unless the Filer guarantees any Stakeable Crypto Assets lost to slashing, that the Client may lose all or a portion of the Client's staked Stakeable Crypto Assets if the Validator does not perform as required by the network;
  - (g) if the Filer offers a guarantee to prevent loss of any Stakeable Crypto Assets arising from the Staking Services, including due to slashing, any limits on that guarantee and requirements for a Client to claim under the guarantee; and
  - (h) that additional risks can be found in the Risk Statement and Crypto Asset Statement, including the names and other information regarding the Validators and information regarding Lock-up Periods and rewards, with a link to the Risk Statement and Crypto Asset Statement.
117. To stake Stakeable Crypto Assets, a Client may use the Dealer platform or Orderbook to instruct the Filer to stake a specified amount of Stakeable Crypto Assets held by the Client on the Platform.
  118. The Client may at any time use the Dealer platform or Orderbook, as applicable, to instruct the Filer to unstake a specified amount of Stakeable Crypto Assets that the Client had previously staked through the Dealer platform or Orderbook.
  119. The Filer stakes and unstakes Crypto Assets by calculating the total amount of a Stakeable Crypto Asset that the Client wishes to stake or unstake and adjusting the amount actually staked to reconcile with the net amount that Clients have, in total, instructed the Filer to stake or unstake.
  120. The Filer holds the staked Stakeable Crypto Assets in trust for or for the benefit of its Clients in one or more omnibus staking wallets in the name of the Filer for the benefit of the Filer's Clients with the Custodians separate and distinct from (i) the assets of the Filer, the Custodians and the Custodians' other Clients; and (ii) the Crypto Assets held for its Clients that have not agreed to staking those specific Crypto Assets.
  121. To stake Clients' Stakeable Crypto Assets, the Filer instructs the Custodian to transfer Stakeable Crypto Assets to an omnibus staking wallet and to sign a blockchain transaction confirming that assets in that wallet are to be staked with a Validator.
  122. Similarly, when unstaking Stakeable Crypto Assets, the Filer instructs the Custodian to sign a blockchain transaction confirming that assets in a staking wallet are no longer staked.

After expiry of any Lock-up Periods that may prevent the assets from being transferred, the Filer instructs the Custodian to transfer the unstaked assets from the staking wallet to cold storage wallets holding unstaked Stakeable Crypto Assets.

123. The Filer and the Custodians remain in possession, custody and control of the staked Stakeable Crypto Assets at all times. At all times, the Custodian continues to hold the private keys or other cryptographic key material required to stake or unstake Clients' Stakeable Crypto Assets or to access staking rewards. Custody, possession and control of staked Stakeable Crypto Assets are not transferred to Validators or any other third parties in connection with the Staking Services.
124. The Filer has established and applies policies and procedures to address how staking rewards, fees and losses will be calculated and allocated to Clients that have staked Stakeable Crypto Assets under the Staking Services.
125. Staking rewards are generally issued periodically and automatically by the blockchain protocol of the Stakeable Crypto Asset and received directly into the staking wallets with the Custodians, less any fees charged by the Filer. Other than any "validator commission" that may be received by a Validator under the rules of the blockchain protocol, Validators do not receive or otherwise have control over staking rewards earned by Clients.
126. When staking rewards for a Stakeable Crypto Asset are received into staking wallets, the Filer promptly calculates the amount of the staking reward earned by each Client using the Staking Services in respect of that asset and credits each Client's account accordingly. Staking reward distributions are shown in the Dealer Platform or Orderbook, as applicable, and on Clients' account statements.
127. For certain Stakeable Crypto Assets, staking rewards are automatically staked by the blockchain protocol to compound rewards. Clients must unstake some or all of these rewards if they wish to sell or transfer them.
128. Where staking rewards are not compounded by the blockchain protocol, the Filer credits the rewards to the Client's applicable Crypto Asset balance and instructs the Custodian to transfer the staking rewards from the staking wallets to other omnibus wallets holding Client Crypto Assets.
129. Certain Stakeable Crypto Assets are subject to an activation period after being staked, during which time the Stakeable Crypto Assets do not earn any staking rewards. A Client will not receive staking rewards in respect of any of their staked Stakeable Crypto Assets that are still subject to an activation period.
130. Similarly, a Client will not receive staking rewards in respect of Stakeable Crypto Assets that have been unstaked by the Client but are still subject to Lock-up Periods.
131. The Filer does not promise or guarantee its Clients a specific staking reward rate for any Stakeable Crypto Asset. The Filer does not exercise any discretion to change reward rates issued by the applicable blockchain network.

132. The Filer may show in the Dealer Platform or Orderbook the current estimated reward rate for Stakeable Crypto Assets. This estimated reward rate is based on data derived from the blockchain for the Stakeable Crypto Asset and adjusted for any applicable validator commission and fees payable to the Filer.
133. The Filer charges a fee to Clients using Staking Services based on a percentage of the Client's staking rewards. The Filer clearly discloses the fees charged by the Filer for the Staking Services and provides a clear calculation of the rewards earned by each Client that agrees to the Staking Services.
134. When staking rewards are received into staking wallets, the Filer promptly calculates the total amount of the fee payable by Clients using the Staking Services and transfers an amount of Stakeable Crypto Assets equal to the fee to a separate wallet exclusively holding Crypto Assets belonging to the Filer.
135. For certain Stakeable Crypto Assets, a Validator can, as part of the blockchain consensus protocol, set a percentage of the staking rewards earned by Stakeable Crypto Assets staked with the Validator to be received by the Validator. This is typically referred to as the "validator commission". The validator commission is typically deducted automatically by the underlying blockchain protocol from staking rewards and transferred by the protocol directly to the Validator. The Filer clearly discloses in the Risk Statement and other disclosures regarding its Staking Services that Validator(s) may receive validator commissions (if any).
136. Under the commercial agreements between the Filer and Validators, Validators may pay some of the validator commission to the Filer for arranging the staking of Clients' Stakeable Crypto Assets with the Validators. The Filer discloses to Clients that it may receive a share of validator commissions. Further, the Filer has adopted policies and procedures for the selection of Validators and staking of Clients' Stakeable Crypto Assets to Validators to ensure that these decisions are based on factors other than the Filer's financial considerations under these commercial agreements.
137. The Filer may pay a fee to the Validator for activating and operating nodes for the Filer's Clients using the Staking Services.
138. Certain proof of stake blockchain protocols impose penalties where a validator fails to comply with protocol rules. This penalty is often referred to as "slashing" or "jailing". If a Validator is "slashed" or "jailed", a percentage of the tokens staked with that Validator and/or a percentage of staking rewards earned by Clients staking to that Validator is permanently lost and/or the Validator will not be selected to participate in transaction validation and any Stakeable Crypto Assets staked with that Validator will not be eligible to earn staking rewards. Accordingly, if a Validator fails to comply with protocol rules, a percentage of Crypto Assets staked or earned by the Filer's Clients may be lost (i.e., the balance of the staking wallet will be reduced automatically by the blockchain protocol) and/or the Filer's Clients will not earn staking rewards for a period of time.

139. For certain Stakeable Crypto Assets, the Filer may agree to reimburse Clients for slashing penalties. The applicable Terms and Conditions clearly provide for the circumstances the Filer will provide this reimbursement in respect of a Stakeable Crypto Asset. The availability of any reimbursement, and any conditions or limits on the reimbursement, are also described in the Risk Statement.
140. To mitigate the risk of slashing or jailing to Clients, the Filer may, where feasible, arrange to stake Stakeable Crypto Assets across multiple Validators, so that any penalty resulting from the actions or inaction of a specific Validator does not affect all staked Crypto Assets and the Filer can, if appropriate, re-stake with alternative Validators.
141. In addition, the Filer monitors its Validators for, among other things, downtime, jailing and slashing events and takes any appropriate action to protect Stakeable Crypto Assets staked by Clients.
142. The Filer processes its Client's staking and unstaking instructions for Stakeable Crypto Assets in batches at regular intervals. For certain Stakeable Crypto Assets that are subject to a network unbonding period, the Filer may net off its Clients' staked Stakeable Crypto Assets and the amount of such assets to be unstaked in a batch run and instruct the Validator to stake the net amount of Stakeable Crypto Assets for its Clients. Accordingly, it is possible that in certain circumstances, a Client may be able to sell or withdraw their Stakeable Crypto Assets before the network's unbonding period for those staked Stakeable Crypto Assets is complete.
143. If the netting calculation results in the net amount of Stakeable Crypto Assets to be unstaked, a Client that unstakes Stakeable Crypto Assets must wait until the applicable unbonding period expires before the Client can sell or transfer those assets.

### **Capital Requirements**

144. The Filer will exclude from the excess working capital calculation all the Crypto Assets it holds for which there is no offsetting by a corresponding current liability, such as Crypto Assets held for its Clients as collateral to guarantee obligations under Crypto Contracts, included on line 1, *Current assets*, of Form 31-103F1 *Calculation of Excess Working Capital*. This will result in the exclusion of all the Crypto Assets inventory held by the Filer from Form 31-103F1 (Schedule 1, line 9).

### **Decision**

The Principal Regulator is satisfied that the Decision satisfies the test set out in the Legislation for the Principal Regulator to make the Decision and each Coordinated Review Decision Maker is satisfied that the Decision in respect of the Trade Reporting Relief and the Marketplace Relief, as applicable, satisfies the tests set out in the securities legislation of its jurisdiction for the Coordinated Review Decision Maker to make the Decision in respect of the Trade Reporting Relief and the Marketplace Relief, as applicable.

The Decision of the Principal Regulator under the Legislation is that the Requested Relief is

granted, and the Decision of each Coordinated Review Decision Maker under the securities legislation in its jurisdiction is that the Trade Reporting Relief and the Marketplace Relief, as applicable, is granted, provided that:

- A. Unless otherwise exempted by a further decision of the Principal Regulator, and, if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under securities legislation, including the Legislation, and any other terms, conditions, restrictions, or requirements imposed by a securities regulatory authority or regulator in the Applicable Jurisdictions on the Filer.
- B. The Filer is registered as a restricted dealer or an investment dealer in the Jurisdiction and the Applicable Jurisdiction in which the Client is resident.
- C. Neither the Filer nor any employee, agent or other representative of the Filer will provide recommendations or advice to any Client or prospective Client.
- D. The Filer will only engage in business activities governed by securities legislation as described above. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, prior to undertaking any other activity governed by securities legislation. The Filer will not offer derivatives based on Crypto Assets other than Crypto Contracts.
- E. The Filer has confirmed and will continue to confirm that it is not liable for the debt of an affiliate or affiliates that could have material negative effect on the Filer.
- F. At all times, the Filer will hold at least 80% of the total value of all Crypto Assets held on behalf of Clients with one or more custodians that meets the definition of an “Acceptable Third-party Custodian”, unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with an Acceptable Third-party Custodian or has obtained the prior written approval of the Principal Regulator and the regulator or securities regulatory authority of the other Applicable Jurisdictions to hold at least 80% of the total value of Client Crypto Assets with an entity that does not meet certain criteria of an Acceptable Third-party Custodian.
- G. Before the Filer holds Crypto Assets with a Custodian referred to in condition F, the Filer will take reasonable steps to verify the custodian:
  - (a) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;
  - (b) has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as a custodian;
  - (c) will hold the Crypto Assets for the Filer’s Clients (i) in an account clearly



designated for the benefit of the Filer's Clients or in trust for the Filer's Clients, (ii) separate and apart from the assets of non-Canadian clients, and (iii) separate and apart from the custodian's own assets and from the assets of any custodial service provider; and

- (d) meets each of the requirements to be an Acceptable Third-party Custodian, except for those criteria in respect of which the custodian does not meet and the Principal Regulator and the regulator or securities regulatory authority of the other Applicable Jurisdictions have provided prior written approval for use of the custodian.
- H. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association, the New Hampshire Banking Department, the South Dakota Division of Banking, or any other regulatory authority applicable to a custodian of the Filer makes a determination that (i) the custodian is not permitted by that regulatory authority to hold Client Crypto Assets, or (ii) if there is a change in the status of the custodian as a regulated financial institution. In such a case, the Filer will identify a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Crypto Assets.
- I. For the Crypto Assets held by the Filer, the Filer will:
  - (a) hold the Crypto Assets in trust for or for the benefit of its Clients, and separate and distinct from the assets of the Filer;
  - (b) ensure there is appropriate insurance for the loss of Crypto Assets held by the Filer; and
  - (c) have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as a custodian.
- J. The Filer will only use a Liquidity Provider that it has verified is registered and/or licensed, to the extent required in its home jurisdiction, to execute trades in the Crypto Assets and is not in default of securities legislation in any of the Applicable Jurisdictions, and will promptly stop using a Liquidity Provider if (i) the Filer is made aware that the Liquidity Provider is, or (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada determines it to be, not in compliance with securities legislation.
- K. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and will provide fair and reasonable prices to its Clients.
- L. The Filer has taken or will take reasonable steps to verify that each Liquidity Provider has effective written policies and procedures to address concerns relating to fair price, fraud and market manipulation.

- M. The Filer will assess liquidity risk and concentration risk posed by any Liquidity Provider. The liquidity and concentration risks assessment will consider trading volume data (as provided in paragraph 1(e) of Appendix D) and complete a historical analysis of each Liquidity Provider and a relative analysis between the Liquidity Providers. Consideration should be given to whether the Liquidity Provider has issued its own Proprietary Tokens and to consider limiting reliance on those Liquidity Providers.
- N. Before each prospective Client opens a Client Account, the Filer will deliver to the Client the Risk Statement as a separate document, and will require the Client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- O. For Clients with pre-existing accounts with the Filer at the time of granting of the Requested Relief, the Filer will deliver to the Client the Risk Statement and will require the Client to provide an electronic acknowledgement of having received, read, and understood the Risk Statement at the earlier of (a) before placing their next trade or deposit of Crypto Assets on the Platform and (b) the next time they log in to their account with the Filer.
- P. The Risk Statement delivered as set out in conditions N and O will be prominent and separate from other disclosures given to the Client at that time and the acknowledgement will be separate from other acknowledgements by the Client at that time.
- Q. A copy of the Risk Statement acknowledged by a Client will be made available to the Client on the Platform in the same place as the Client's other statements on the Platform.
- R. Before a Client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the Client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or App, and includes the information set out in representation 36.
- S. Existing clients at the time of the Decision will be provided with links to the Crypto Asset Statements.
- T. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts and/or a Crypto Asset, and:
  - (a) in the event of any update to the Risk Statement, will promptly notify each existing Client of the update and deliver to them a copy of the updated Risk Statement; and
  - (b) in the event of any update to a Crypto Asset Statement, will promptly notify Clients through electronic disclosures on the Platform, with links to the updated Crypto Asset Statement.
- U. Prior to the Filer delivering a Risk Statement to a Client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the Client to the Principal Regulator.

- V. For each Client, the Filer will perform an appropriateness assessment as described in representation 25 to 29 prior to opening a Client Account, on an ongoing basis and at least every twelve months.
- W. The Filer has established and will apply and monitor the Client Limits as set out in representation 26.
- X. The Filer will monitor client activity and contact Clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the Client, or that additional education is required.
- Y. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that a Client, other than (i) Clients resident in Alberta, British Columbia, Manitoba, Québec, and Saskatchewan, (ii) Clients that are Permitted Clients and (iii) Clients that are Registered CTPs, may purchase and sell on the Platform (calculated on a net basis and is an amount not less than \$0) in the preceding 12 months does not exceed a net acquisition cost of \$30,000.
- Z. In the Applicable Jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under securities legislation of that jurisdiction.
- AA. The Filer will provide the Principal Regulator with at least 10 days prior written notice of any:
  - (a) change or use of a new custodian; and
  - (b) material changes to the Filer's ownership, its business operations, including its systems, or its business model.
- BB. The Filer will provide at least 45 days advance notice to the Principal Regulator for any material changes to the Form 21-101F2 information filed as described in representation 77, except in relation to changes to Exhibit L – Fees, in which case the Filer will provide at least 15 days advance notice.
- CC. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of its or its Acceptable Third-party Custodian's system of controls or supervision, and what steps have been taken by the Filer to address each such breach or failure. The loss of any amount of Crypto Assets will be considered a material breach or failure.
- DD. The Filer will evaluate Crypto Assets as set out in its KYP Policy and described in representations 15 to 19.
- EE. The Filer will only trade Crypto Assets or Crypto Contracts based on Crypto Assets that (i) are not securities or derivatives, or (ii) are Value-Referenced Crypto Assets, provided that the Filer does not allow Clients to buy or deposit, or enter into Crypto Contracts to buy or deposit, Value-Referenced Crypto Assets that do not comply with the terms and

conditions set out in Appendix C.

- FF. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a Client in an Applicable Jurisdiction where the Crypto Asset was issued by or on behalf of a person or company that is or has in the last five years been the subject of a publicly announced order, judgment, decree, sanction, fine or administrative penalty imposed by, or has entered into a publicly announced settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of anti-money laundering (AML) laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar or analogous conduct.
- GG. Except to allow Clients to liquidate their positions in those Crypto Contracts in an orderly manner or transfer such Crypto Assets to a blockchain address specified by the Client, the Filer will promptly stop trading Crypto Contracts where the underlying Crypto Asset: (a) is determined by the Filer to be; or (b) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be, or (c) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, (i) a security and/or derivative, or (ii) a Value-Referenced crypto Asset that does not satisfy the conditions set out in condition EE.
- HH. The Filer will not engage in trades without the prior written consent of the Principal Regulator that are part of, or designed to facilitate, the creation, initial issuance, or initial distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuers or affiliates or associates of such persons.
- II. The Filer will exclude from the excess working capital calculation all the Crypto Assets it holds for which there is no offsetting by a corresponding current liability, as described in representation 144.

### **Functional Independence**

- JJ. At all times when Crypto.com Custody acts as the custodian of Client assets of the Filer, the Filer will ensure that Crypto.com Custody is functionally independent from the Filer and that representation 92 remains true and correct.
- KK. At all times, the Filer's representatives who are authorized to give instructions to Crypto.com Custody on behalf of the Filer will not have overlapping functions at Crypto.com Custody.
- LL. At all times when a Crypto.com affiliate is the custodian of Client assets of the Filer, the Ultimate Designated Person and Chief Compliance Officer of the Filer, and 66 2/3% of the Board of Directors and Officers of the Filer, will not act as officers or directors of

Crypto.com Custody.

- MM. At all times when a Crypto.com affiliate is the custodian of Client assets of the Filer, the Filer will notify the Principal Regulator promptly and, in any event, no later than 30 days after, of any material change to the custodian's functional independence from the Filer.
- NN. The Filer will not be liable for the financial obligations of Crypto.com Custody, FDL, the Parent Company or any other affiliate.

### **Financial Viability**

- OO. The Filer will maintain sufficient financial resources for the proper operation of the Platform as a marketplace, and for its performance of its marketplace and clearing or settlement functions in furtherance of its compliance with these terms and conditions.
- PP. The Filer will notify the Principal Regulator immediately upon becoming aware that the Filer does not or may not have sufficient financial resources in accordance with the requirements of condition OO.

### **Trading Limitations**

- QQ. The Filer will not submit orders on a proprietary basis, other than in connection with offsetting trades relating to client orders that are executed on a riskless principal basis, or as it otherwise deems appropriate for the delivery of its services. For clarity, at no time shall the Filer trade against its clients for speculative purposes.
- RR. The Filer must not implement a significant change to the information in the Form 21-101F2 unless it has delivered an amendment of the Form 21-101F2 describing the significant change to the Principal Regulator at least 45 days prior to implementing the significant change.

### **Marketplace Activities – Fair Access**

- SS. The Filer will not unreasonably prohibit, condition, or limit access to the Platform and its related services.
- TT. Neither the Filer nor FDL will permit unreasonable discrimination among Clients of the Platform.
- UU. Any person or company resident in Canada must access the Crypto.com Global Platform, including for marketplace services and the clearing or settlement services, through the Platform.

### **Marketplace Activities – Market Integrity**

- VV. The Filer and FDL will take reasonable steps to ensure their operations do not interfere with fair and orderly markets in relation to the Platform.

- WW. The Filer will not provide access to the Platform unless it has the ability to terminate all or a portion of a Client's access, if required.
- XX. The Filer will maintain accurate records of all of its trade monitoring and complaint handling activities in relation to the Platform, and of the reasons for actions taken or not taken. The Filer will make such records available to the Principal Regulator upon request.
- YY. The Filer will monitor each Client's compliance with restrictions relating to its use of the Platform, including complying with the Legislation and report breaches of the Legislation, as appropriate, to the Principal Regulator or the securities regulatory authority or regulator in the Non-Principal Jurisdiction (as applicable).

#### **Marketplace Activities – Conflicts of Interest**

- ZZ. The Filer will annually review compliance with its policies and procedures that identify and manage conflicts of interest and will document in each review any deficiencies that were identified and how those deficiencies were remedied.
- AAA. When the Filer or an affiliate trades with the Filer's clients on principal basis, the Filer will ensure that its clients receive fair and reasonable prices.

#### **Marketplace Activities – Transparency of Operations and of Order and Trade Information**

- BBB. The Filer will maintain public disclosure of the information outlined in representation 64 in a manner that reasonably enables a person or company to understand the marketplace operations or services.
- CCC. For orders and trades entered and executed on the Platform, the Filer will make available to Clients of the Platform an appropriate level of information regarding those orders and trades in real-time to facilitate Clients' investment and trading decisions.
- DDD. The Filer will make publicly available on the Website, on a timely basis, an appropriate level of aggregated information about trades that have occurred on the Platform.

#### **Marketplace Activities – Confidentiality**

- EEE. The Filer will not release a Client's order or trade information to a person or company, other than the Client, a regulator or securities regulatory authority or a regulation services provider unless:
- (a) the Client has consented in writing to the release of the information;
  - (b) the release is made under applicable law; or
  - (c) the information has been publicly disclosed by another person or company and such disclosure was lawful.

FFF. Despite condition EEE, the Filer may release a Client's order and trade information to an affiliated service provider if the Filer has a written agreement with the affiliated service provider whereby such affiliated service provider agrees not to release the Filer's Client's order and trade information unless permitted under condition EEE.

### **Clearing and Settlement Activities**

GGG. For any clearing or settlement activity conducted by the Filer, the Filer will:

- (a) maintain adequate procedures and processes to ensure the provision of accurate and reliable settlement services in connection with Crypto Assets;
- (b) maintain appropriate risk management policies and procedures and internal controls to minimize the risk that settlement will not take place as expected;
- (c) limit the provision of clearing and settlement services to Crypto Assets and fiat currency which underlie the Crypto Contracts traded on the Platform; and
- (d) limit the provision of clearing and settlement services to clients of the Filer, and, to the extent applicable, other Crypto.com entities in relation to trades executed on the Platform.

### **Notification to Principal Regulator**

HHH. The Filer will promptly notify the Principal Regulator and indicate what steps have been taken by the Filer to address the situation should any of the following occur:

- (a) any failure or breach of systems of controls or supervision that has a material impact on the Filer, including when they
  - (1) involve the Filer's business;
  - (2) involve the services or business of an affiliate of the Filer;
  - (3) involve the Acceptable Third-party Custodian;
  - (4) are cybersecurity breaches of the Filer, an affiliate of the Filer, or services that impact the Filer; or
  - (5) are a malfunction, delay, or security breach of the systems or controls relating to the operation of the marketplace or clearing or settlement functions;
- (b) any amount of specified Crypto Assets are identified as lost;
- (c) any investigations of, or regulatory action against, the Filer, or an affiliate of the Filer, by a regulatory authority in any jurisdiction in which it operates which may impact the operations of the Filer;

- (d) details of any litigation instituted against the Filer, or an affiliate of the Filer, which may impact the operation of the Filer;
- (e) notification that the Filer, or an affiliate of the Filer, has instituted a petition for a judgment of bankruptcy, insolvency, or similar relief, or to wind up or liquidate the Filer, or an affiliate of the Filer, or has a proceeding for any such petition instituted against it; and
- (f) the appointment of a receiver or the making of any voluntary arrangement with a creditor.

### **Books and Records**

- III. The Filer and FDL will keep books, records and other documents reasonably necessary for the proper recording of their businesses and to demonstrate compliance with the Legislation and the conditions of this Decision, including, but not limited to, records of all orders and trades, including the product, quotes, executed price, volume, time when the order is entered, matched, cancelled or rejected, and the identifier of any authorized user that entered the order.
- JJJ. The Filer and FDL will maintain the aforementioned books, records and other documents in electronic form and promptly provide them in the format and at the time requested by the Principal Regulator pursuant to the Legislation. Such books, records and other documents will be maintained by the Filer and FDL for a minimum of seven years.

### **Systems and internal controls**

- KKK. The Filer and FDL will maintain effective internal controls over systems that support the Platform and the Crypto.com Global Platform including internal controls to ensure that its systems function properly and have adequate capacity and security.
- LLL. The Filer and FDL will maintain effective information technology controls to support the Platform and the Crypto.com Global Platform including controls relating to operations, information security, cyber resilience, change management, network support and system software support.
- MMM. The Filer and FDL will maintain, update and test a business continuity plan, including emergency procedures, and a plan for disaster recovery that provides for the timely recovery of operations and fulfilment of its obligations with respect to the Platform and the Crypto.com Global Platform, including in the event of a wide-scale or major disruption.

### **Staking**

- NNN. The Filer will comply with the terms and conditions in Appendix B in respect of the Staking Services.

### **Reporting**



- OOO. The Filer will deliver the reporting as set out in Appendix D.
- PPP. The Filer will deliver to the regulator or the securities regulatory authority in each of the Applicable Jurisdictions, in a form and format acceptable to the regulator or the securities regulatory authority, a report that includes the following aggregated quarterly information relating to trading activity on the Platform within 30 days of the end of each March, June, September and December:
- (a) total number of trades and total traded value on a by pair basis, with each such reported value further broken out by the proportion of trades and traded value that were a result of trades between two clients compared to trades between a client and the Filer or affiliate of the Filer.
  - (b) total number of executed client orders and total value of executed client orders on a by pair basis, with each such reported value further broken out by the proportion of executed market orders compared to executed limit orders.
- QQQ. The Filer will provide to the Principal Regulator quarterly summary statistics on its trade monitoring and complaint handling activities in relation to the Platform, including the following:
- (a) the number of instances of improper trading activity identified, by category, and the proportion of each such category that arose from client complaints/reports;
  - (b) the number of instances in (a) that were further investigated or reviewed, by category;
  - (c) the number of investigations in (b), by category, that were closed with no action;
  - (d) a summary of each investigation in (b) that was escalated for action to be taken, including a description of the action taken in each case; and
  - (e) a summary of the status of any open investigations.
- RRR. Within 7 calendar days from the end of each month, the Filer will deliver to the regulator or securities regulatory authority in each of the Applicable Jurisdictions, a report of all Client Accounts for which the Client Limits established pursuant to representation 26 were exceeded during that month.
- SSS. The Filer will provide certain reporting in respect of the preceding calendar quarter to its Principal Regulator within 30 days of the end of March, June, September and December in connection with the Staking Services, including, but not limited to:
- (a) the total number of Clients to which the Filer provides the Staking Services;
  - (b) the Crypto Assets for which the Staking Services are offered;
  - (c) for each Crypto Asset that may be staked:

- (1) the amount of Crypto Assets staked,
  - (2) the amount of each such Crypto Assets staked that is subject to a Lock-up Period and the length of the Lock-up Period;
  - (3) the amount of Crypto Assets that Clients have requested to unstake; and
  - (4) the amount of rewards earned by the Filer and the Clients for the Crypto Assets staked under the Staking Services;
- (d) the names of any third parties used to conduct the Staking Services;
  - (e) any instance of slashing, jailing or other penalties being imposed for validator error and the details of why these penalties were imposed; and
  - (f) any reporting regarding the Filer's liquidity management as requested by the Principal Regulator.
- TTT. The Filer will deliver to the Principal Regulator within 30 days of the end of each March, June, September and December, either:
- (a) blackline copies of changes made to the policies and procedures on the operations of its wallets (including, but not limited to, establishment of wallets, transfer of Crypto Assets into and out of the wallets and authorizations to access the wallets) previously delivered to the Principal Regulator; or
  - (b) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.
- UUU. In addition to any other reporting required by the Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the Filer's Acceptable Third-party Custodian(s) and the Crypto Assets held by the Filer's Acceptable Third-party Custodian(s) that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Principal Regulator.
- VVV. Upon request, the Filer will provide the Principal Regulator and the regulators or securities regulatory authorities of each of the Non-Principal Jurisdictions with aggregated and/or anonymized data concerning Client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading Crypto Assets.

### **Terms and Conditions Applicable to the Parent Company and Filer's affiliates**

- WWW. The Parent Company will facilitate the allocation of sufficient financial and non-financial resources for the operations of the Filer to ensure the Filer can carry out its functions in a manner that is consistent with securities legislation and the Decision.

XXX. The Parent Company will notify the Principal Regulator immediately upon:

- (a) becoming aware that it is or will be unable to allocate sufficient financial or other resources to the Filer as required under condition WWW; or
- (b) becoming aware that any of the marketplace provisions are or will not be complied with.

YYY. The Parent Company will ensure that all conditions provided herein are complied with. To the extent investor protection concerns arise in respect of the Filer or the Platform, The Parent Company will, acting reasonably and in good faith, engage in discussions with the Principal Regulator or the Coordinated Review Decision Maker raising it to address the concern. The Parent Company will, subject to applicable law, promptly provide to the Principal Regulator, on request, any and all data, information, and analyses in its custody or control related to the business and operations of the Filer and the Platform without limitations, redactions, restrictions, or conditions, provided that nothing in this section will be construed to abrogate solicitor-client privilege or any similar doctrines that may apply to communications with and work product produced by counsel.

ZZZ. FDL will perform trading services for the Filer only upon instructions from the Filer.

AAAA. Except for the services provided by the Filer to any person or company resident in Canada and the custodial services Crypto.com Custody provides to the Filer or to any person or company resident in Canada, neither the Parent Company nor any of its affiliates is permitted to provide, or allow access to, any services governed by securities legislation, whether offered by the Parent Company or any of its affiliates, to any person or company resident in an Applicable Jurisdiction, without the approval of the securities regulatory authority or regulator in such Applicable Jurisdiction.

### **Changes to and Expiration of Decision**

BBBB. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.

CCCC. The Filer will disclose to Clients that the Filer has been registered as a restricted dealer in the Applicable Jurisdictions subject to specified terms and conditions that are the subject of a specific order and as such may not be subject to all requirements otherwise applicable to an investment dealer and CRO member, including those that apply to marketplaces and to trading on marketplaces.

DDDD. The Filer will, if it intends to operate the Platform in Ontario and Québec after the expiry of the Decision, take the following steps:

- (a) submit an application to the Principal Regulator and the Autorité des marchés financiers (AMF), to become registered as an investment dealer no later than 6 months after the date of the Decision;

- (b) submit an application with CISO to become a dealer member no later than 6 months after the date of the Decision; and
- (c) work actively and diligently with the Principal Regulator, the AMF and CISO to transition the Platform to investment dealer registration and obtain CISO membership.

EEEE. This Decision shall expire upon the date that is two years from the date of this Decision.

FFFF. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

**DATED** this 8<sup>th</sup> day of May, 2025.

*“Michelle Alexander”*

Michelle Alexander

Manager, Trading and Markets

Ontario Securities Commission

File #2022/0156

**APPENDIX A**  
**LOCAL TRADE REPORTING RULES AND MARKETPLACE RULES**

In this Decision,

- a) the “**Local Trade Reporting Rules**” collectively means each of the following:
- (1) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 - *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**);
  - (2) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 - *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**); and
  - (3) Part 3, Data Reporting of Multilateral Instrument 96-101 - *Trade Repositories and Derivatives Data Reporting* in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**); and
- b) the “**Marketplace Rules**” collectively means each of the following:
- (1) National Instrument 21-101 -- *Marketplace Operation* (**NI 21-101**) in whole;
  - (2) National Instrument 23-101 -- *Trading Rules* (**NI 23-101**) in whole; and
  - (3) National Instrument 23-103 -- *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) in whole.

## **APPENDIX B**

### **STAKING TERMS AND CONDITIONS**

1. The Staking Services are offered in relation to the Stakeable Crypto Assets that are subject to a Crypto Contract between the Filer and a Client.
2. Unless the Principal Regulator has provided its prior written consent, the Filer offers Clients the Staking Services only for (i) Crypto Assets of blockchains that use a proof of stake consensus mechanism and (ii) the staked Crypto Assets that are used to guarantee the legitimacy of new transactions the Validator adds to the blockchain (i.e., Stakeable Crypto Assets).
3. The Filer is proficient and knowledgeable about staking Stakeable Crypto Assets.
4. The Filer itself does not act as a Validator, unless the Principal Regulator has provided its prior written consent. The Filer has entered into written agreements with one or more third parties (which may be affiliated parties or otherwise part of the same corporate group) to stake Stakeable Crypto Assets and each such third party is proficient and experienced in staking Crypto Assets.
5. The Filer's KYP Policy includes a review of the Stakeable Crypto Assets made available to Clients for staking and staking protocols related to those Stakeable Crypto Assets prior to offering those Stakeable Crypto Assets as part of the Staking Services. The Filer's review includes the following:
  - (a) the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (b) the operation of the proof-of-stake blockchain for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (c) the staking protocols for the Stakeable Crypto Assets that the Filer proposes to offer for staking;
  - (d) the risks of loss of the staked Stakeable Crypto Assets, including from software bugs and hacks of the protocol;
  - (e) the Validators engaged by the Filer or the Filer's Custodian, including, but not limited to, information about:
    - (i) the persons or entities that manage and direct the operations of the Validator,
    - (ii) the Validator's reputation and use by others,
    - (iii) the amount of Stakeable Crypto Assets the Validator has staked on its own nodes,

- (iv) the measures in place by the Validator to operate the nodes securely and reliably,
  - (v) the financial status of the Validator,
  - (vi) the performance history of the Validator, including but not limited to the amount of downtime of the Validator, past history of “double signing” and “double attestation/voting”,
  - (vii) any losses of Stakeable Crypto Assets related to the Validator’s actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the Validator, and
  - (viii) any guarantees offered by the Validator against losses including losses resulting from slashing or other penalties and any insurance obtained by the Validator that may cover this risk.
- 6. The Filer has policies and procedures to assess account appropriateness for a Client that includes consideration of the Staking Services to be made available to that Client.
- 7. The Filer applies the account appropriateness policies and procedures to evaluate whether offering the Staking Services is appropriate for a Client before providing access to an account that makes available the Staking Services and, on an ongoing basis, at least once in each 12-month period.
- 8. If, after completion of an account-level appropriateness assessment, the Filer determines that providing the Staking Services is not appropriate for the Client, the Filer will include prominent messaging to the Client that this is the case and the Filer will not make available the Staking Services to the Client.
- 9. The Filer only stakes the Stakeable Crypto Assets of those Clients who have agreed to the Staking Services and have allocated Stakeable Crypto Assets to be staked. Where a Client no longer wishes to stake all or a portion of the allocated Stakeable Crypto Assets, subject to any Lock-up Periods (as defined below) or any terms of the Staking Services that permit the Client to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-up Periods, the Filer will cease to stake those Stakeable Crypto Assets.
- 10. Before the first time a Client allocates any Stakeable Crypto Assets to be staked, the Filer will deliver to the Client the Risk Statement that includes the risks with respect to staking and the Staking Services described in paragraph 11 below, and will require the Client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- 11. The Filer clearly explains in the Risk Statement the risks with respect to staking and the Staking Services in plain language, which include, at a minimum:
  - (a) the details of the Staking Services and the role of all third parties involved;

- (b) the due diligence performed by the Filer with respect to the proof-of-stake consensus protocol for each Crypto Asset for which the Filer provides the Staking Services;
  - (c) the details of the Validators that will be used for the Staking Services and the due diligence performed by the Filer with respect to the Validators;
  - (d) the details of whether and how the custody of staked Stakeable Crypto Assets differs from Crypto Assets held on behalf of the Filer's Clients that are not engaged in staking;
  - (e) the general risks related to staking and any risks arising from the arrangements used by the Filer to offer the Staking Services (e.g., reliance on third parties; risk of loss due to technical errors or bugs in the protocol; hacks or theft from the Crypto Assets being held in hot wallets, etc.) and how any losses will be allocated to Clients;
  - (f) whether the Filer will reimburse Clients for any Stakeable Crypto Assets lost due to slashing or other penalties imposed due to Validator error, action or inactivity or how any losses will be allocated to Clients;
  - (g) whether any of the staked Stakeable Crypto Assets are subject to any lock-up, unbonding, unstaking, or similar periods imposed by the Stakeable Crypto Asset protocol, custodian or Validator, where such Stakeable Crypto Assets will not be accessible to the Client or will be accessible only after payment of additional fees or penalties or forfeiture of any rewards (**Lock-up Periods**); and
  - (h) how rewards are calculated on the staked Stakeable Crypto Assets, including any fees charged by the Filer or any third party, how rewards are paid out to Clients, and any associated risks.
12. Immediately before each time that a Client allocates Stakeable Crypto Assets to be staked under the Staking Services, the Filer requires the Client to acknowledge the risks of staking Stakeable Crypto Assets as may be applicable to the particular Staking Services or each particular Stakeable Crypto Asset, including, but not limited to:
- (a) that the staked Stakeable Crypto Assets may be subject to a Lock-up Period and, consequently, the Client may not be able to sell or withdraw their Stakeable Crypto Assets for a predetermined or unknown period of time, with details of any known period, if applicable;
  - (b) that given the volatility of Crypto Assets, the value of a Client's staked Stakeable Crypto Assets when they are able to sell or withdraw, and the value of any Stakeable Crypto Assets earned through staking, may be significantly less than the current value;
  - (c) how rewards will be calculated and paid out to Clients and any risks inherent in the calculation and payout of any rewards;



- (d) that there is no guarantee that the Client will receive any rewards on the staked Stakeable Crypto Assets, and that past rewards are not indicative of expected future rewards;
  - (e) whether rewards may be changed at the discretion of the Filer;
  - (f) unless the Filer guarantees any Stakeable Crypto Assets lost to slashing, that the Client may lose all or a portion of the Client's staked Stakeable Crypto Assets if the Validator does not perform as required by the network;
  - (g) if the Filer offers a guarantee to prevent loss of any Stakeable Crypto Assets arising from the Staking Services, including due to slashing, any limits on that guarantee and requirements for a Client to claim under the guarantee; and
  - (h) that additional risks can be found in the Risk Statement and Crypto Asset Statement, including the names and other information regarding the Validators and information regarding Lock-up Periods and rewards, with a link to the Risk Statement and Crypto Asset Statement.
13. Immediately before each time a Client buys or deposits Stakeable Crypto Assets that will be automatically staked pursuant to an existing agreement by the Client to the Staking Services, the Filer will provide prominent disclosure to the Client that the Stakeable Crypto Assets it is about to buy or deposit will be automatically staked.
  14. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Staking Services and/or Stakeable Crypto Assets.
  15. In the event of any update to the Risk Statement, for each existing Client that has agreed to the Staking Services, the Filer will promptly notify the Client of the update and deliver to them a copy of the updated Risk Statement.
  16. In the event of any update to a Crypto Asset Statement, for each existing Client that has agreed to the Staking Services in respect of the Stakeable Crypto Asset for which the Crypto Asset Statement was updated, the Filer will promptly notify the Client of the update and deliver to the Client a copy of the updated Crypto Asset Statement.
  17. The Filer or the Custodians will remain in possession, custody and control of the staked Stakeable Crypto Assets at all times.
  18. The Filer will hold the staked Stakeable Crypto Assets for its Clients in one or more omnibus staking wallets in the name of the Filer for the benefit of the Filer's Clients with the Custodians and the staked Stakeable Crypto Assets are held separate and distinct from (i) the assets of the Filer, the Custodians and the Custodians' other Clients; and (ii) the Crypto Assets held for its Clients that have not agreed to staking those specific Crypto Assets.

19. The Filer has established policies and procedures that manage and mitigate custodial risks for staked Stakeable Crypto Assets, including but not limited to, an effective system of controls and supervision to safeguard the staked Stakeable Crypto Assets.
20. If the Filer permits Clients to remove Stakeable Crypto Assets from the Staking Services prior to the expiry of any Lock-up Period, the Filer applies appropriate liquidity management policies and procedures to fulfill withdrawal requests made, which may include using the Stakeable Crypto Assets it holds in inventory or entering into agreements with its Liquidity Providers that permit the Filer to purchase any required Crypto Assets. The Filer holds Stakeable Crypto Assets in trust for its Clients and will not use Stakeable Crypto Assets of those Clients who have not agreed to the Staking Services for fulfilling such withdrawal requests.
21. If the Filer provides a guarantee to Clients from some or all of the risks related to the Staking Services, the Filer has established, and will maintain and apply, policies and procedures to address any risks arising from such guarantee.
22. In the event of bankruptcy or insolvency of the Filer, the Filer will assume and will not pass to Clients any losses arising from slashing or other penalties arising from the performance or non-performance of the Validator.
23. The Filer monitors its Validators for downtime, jailing and slashing events and takes any appropriate action to protect Stakeable Crypto Assets staked by Clients.
24. The Filer has established, and applies, policies and procedures to address how staking rewards, fees and losses will be calculated and allocated to Clients that have staked Stakeable Crypto Assets under the Staking Services.
25. The Filer regularly and promptly determines the amount of staking rewards earned by each Client that has staked Stakeable Crypto Assets under the Staking Services and distributes each Client's staking rewards to the Client promptly after they are made available to the Filer.
26. The Filer clearly discloses the fees charged by the Filer for the Staking Services and provides a clear calculation of the rewards earned by each Client that agrees to the Staking Services.

**APPENDIX C**  
**TERMS AND CONDITIONS FOR TRADING VALUE-REFERENCED CRYPTO**  
**ASSETS WITH CLIENTS**

1. The Filer establishes that all of the following conditions are met:
  - (a) The Value-Referenced Crypto Asset references, on a one-for-one basis, the value of a single fiat currency (the **reference fiat currency**).
  - (b) The reference fiat currency is the Canadian dollar or United States dollar.
  - (c) The Value-Referenced Crypto Asset entitles a Value-Referenced Crypto Asset holder who maintains an account with the issuer of the Value-Referenced Crypto Asset to a right of redemption, subject only to reasonable publicly disclosed conditions, on demand directly against the issuer of the Value-Referenced Crypto Asset or against the reserve of assets, for the reference fiat currency on a one-to-one basis, less only any fee that is publicly disclosed by the issuer of the Value-Referenced Crypto Asset, and payment of the redemption proceeds within a reasonable period as disclosed by the issuer of the Value-Referenced Crypto Asset.
  - (d) The issuer of the Value-Referenced Crypto Asset maintains a reserve of assets that is:
    - (i) in the reference fiat currency and is comprised of any of the following:
      - cash;
      - investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada or the government of the United States;
      - securities issued by one or more Money Market Funds licensed, regulated or authorized by a regulatory authority in Canada or the United States of America; or
      - such other assets that the principal regulator of the Filer and the regulator or securities regulatory authority in each Canadian jurisdiction where clients of the Filer reside has consented to in writing;
  - (e) all of the assets that comprise the reserve of assets are:
    - (i) measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises or U.S. GAAP at the end of each day;
    - (ii) held with a Qualified Custodian;

- (iii) held in an account clearly designated for the benefit of the Value-Referenced Crypto Asset holders or in trust for the Value-Referenced Crypto Asset holders;
    - (iv) held separate and apart from the assets of the issuer of the Value-Referenced Crypto Asset and its affiliates and from the reserve of assets of any other Crypto Asset, so that, to the best of the knowledge and belief of the Filer after taking steps that a reasonable person would consider appropriate, including consultation with experts such as legal counsel, no creditors of the issuer other than the Value-Referenced Crypto Asset holders in their capacity as Value-Referenced Crypto Asset holders, will have recourse to the reserve of assets, in particular in the event of insolvency; and
    - (v) not encumbered or pledged as collateral at any time; and
  - (f) the fair value of the reserve of assets is at least equal to the aggregate nominal value of all outstanding units of the Value-Referenced Crypto Asset at least once each day.
2. The issuer of the Value-Referenced Crypto Asset makes all of the following publicly available:
- (a) details of each type, class or series of the Value-Referenced Crypto Asset, including the date the Value-Referenced Crypto Asset was launched and key features and risks of the Value-Referenced Crypto Asset;
  - (b) the quantity of all outstanding units of the Value-Referenced Crypto Asset and their aggregate nominal value at least once each business day;
  - (c) the names and experience of the persons or companies involved in the issuance and management of the Value-Referenced Crypto Asset, including the issuer of the Value-Referenced Crypto Asset, any manager of the reserve of assets, including any individuals that make investment decisions in respect of the reserve of assets, and any custodian of the reserve of assets;
  - (d) the quantity of units of the Value-Referenced Crypto Asset held by the issuer of the Value-Referenced Crypto Asset or any of the persons or companies referred to in paragraph (b) and their nominal value at least once each business day;
  - (e) details of how a Value-Referenced Crypto Asset holder can redeem the Value-Referenced Crypto Asset, including any possible restrictions on redemptions such as the requirement for a Value-Referenced Crypto Asset holder to have an account with the issuer of the Value-Referenced Crypto Asset and any criteria to qualify to have an account;
  - (f) details of the rights of a Value-Referenced Crypto Asset holder against the issuer of the Value-Referenced Crypto Asset and the reserve of assets, including in the event of insolvency or winding up;

- (g) all fees charged by the issuer of the Value-Referenced Crypto Asset for distributing, trading or redeeming the Value-Referenced Crypto Asset;
- (h) whether Value-Referenced Crypto Asset holders are entitled to any revenues generated by the reserve of assets;
- (i) details of any instances of any of the following:
  - (i) the issuer of the Value-Referenced Crypto Asset has suspended or halted redemptions for all Value-Referenced Crypto Asset holders;
  - (ii) the issuer of the Value-Referenced Crypto Asset has not been able to satisfy redemption rights at the price or in the time specified in its public policies;
- (j) within 45 days of the end of each month, an assurance report from a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America, and that meets the professional standards of that jurisdiction, that complies with all of the following:
  - (i) provides reasonable assurance in respect of the assertion by management of the issuer of the Value-Referenced Crypto Asset that the issuer of the Value-Referenced Crypto Asset has met the requirements in paragraphs 1(c)-(f) as at the last business day of the preceding month and at least one randomly selected day during the preceding month;
  - (ii) the randomly selected day referred to in subparagraph (i) is selected by the public accountant and disclosed in the assurance report;
  - (iii) for each day referred to in subparagraph (i), management's assertion includes all of the following:
    - (iv) details of the composition of the reserve of assets;
    - (v) the fair value of the reserve of assets in subparagraph 1(e)(i);
    - (vi) the quantity of all outstanding units of the Value-Referenced Crypto Asset in paragraph (a);
    - (vii) the assurance report is prepared in accordance with the Handbook, International Standards on Assurance Engagements or attestation standards established by the American Institute of Certified Public Accountants;
- (k) starting with the first financial year ending after December 1, 2023, within 120 days of the issuer of the Value-Referenced Crypto Asset's financial year end, annual financial statements of the issuer of the Value-Referenced Crypto Asset that comply with all of the following:
  - (i) the annual financial statements include all of the following:

1. a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
  2. a statement of financial position, signed by at least one director of the issuer of the Value-Referenced Crypto Asset, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
  3. notes to the financial statements;
- (ii) the statements are prepared in accordance with one of the following accounting principles:
1. Canadian GAAP applicable to publicly accountable enterprises;
  2. U.S. GAAP;
- (iii) the statements are audited in accordance with one of the following auditing standards:
1. Canadian GAAS;
  2. International Standards on Auditing;
  3. U.S. PCAOB GAAS;
- (iv) the statements are accompanied by an auditor's report that,
1. if (iii)(1) or (2) applies, expresses an unmodified opinion,
  2. if (iii)(3) applies, expresses an unqualified opinion,
  3. identifies the auditing standards used to conduct the audit, and
  4. is prepared and signed by a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America.
3. The Crypto Asset Statement includes all of the following:
- (a) a prominent statement that no securities regulatory authority or regulator in Canada has evaluated or endorsed the Crypto Contracts or any of the Crypto Assets made available through the platform;
  - (b) a prominent statement that the Value-Referenced Crypto Asset is not the same as and is riskier than a deposit in a bank or holding cash with the Filer;

- (c) a prominent statement that although Value-Referenced Crypto Assets may be commonly referred to as “stablecoins”, there is no guarantee that the Value-Referenced Crypto Asset will maintain a stable value when traded on secondary markets or that the reserve of assets will be adequate to satisfy all redemptions;
- (d) a prominent statement that, due to uncertainties in the application of bankruptcy and insolvency law, in the event of the insolvency of [Value-Referenced Crypto Asset issuer], there is a possibility that creditors of [Value-Referenced Crypto Asset issuer] would have rights to the reserve assets that could outrank a Value-Referenced Crypto Asset holder’s rights, or otherwise interfere with a Value-Referenced Crypto Asset holder’s ability to access the reserve of assets in the event of insolvency;
- (e) a description of the Value-Referenced Crypto Asset and its issuer;
- (f) a description of the due diligence performed by the Filer with respect to the Value-Referenced Crypto Asset;
- (g) a brief description of the information in section 2 and links to where the information in that section is publicly available;
- (h) a link to where on its website the issuer of the Value-Referenced Crypto Asset will disclose any event that has or is likely to have a significant effect on the value of the Value-Referenced Crypto Asset or on the reserve of assets;
- (i) a description of the circumstances where the secondary market trading value of the Value-Referenced Crypto Asset may deviate from par with the reference fiat currency and details of any instances where the secondary market trading value of the Value-Referenced Crypto Asset has materially deviated from par with the reference fiat currency during the last 12 months on the Filer’s platform;
- (j) a brief description of any risks to the client resulting from the trading of a Value-Referenced Crypto Asset or a Crypto Contract in respect of a Value-Referenced Crypto Asset that may not have been distributed in compliance with securities laws;
- (k) any other risks specific to the Value-Referenced Crypto Asset, including the risks arising from the fact that the Filer may not, and a client does not, have a direct redemption right with the issuer of the Value-Referenced Crypto Asset;
- (l) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the platform;
- (m) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision;

- (n) the date on which the information was last updated.
4. If the Filer uses the term “stablecoin” or “stablecoins” in any information, communication, advertising or social media related to the Platform and targeted at or accessible by Canadian investors, the Filer will also include the following statement (or a link to the following statement when impractical to include):
- “Although the term ”stablecoin“ is commonly used, there is no guarantee that the asset will maintain a stable value in relation to the value of the reference asset when traded on secondary markets or that the reserve of assets, if there is one, will be adequate to satisfy all redemptions.”
5. The issuer of the Value-Referenced Crypto Asset has filed an undertaking in substantially the same form as set out in Appendix B of CSA Notice 21-333 *Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients* (CSA SN 21-333) and the undertaking is posted on the CSA website.
6. To the extent the undertaking referred to in section (5) of this Appendix includes language that differs from sections (1) or (2) of this Appendix, the Filer complies with sections (1) and (2) of this Appendix as if they included the modified language from the undertaking.
7. The KYP Policy of the Filer requires the Filer to assess whether the Value-Referenced Crypto Asset or the issuer of the Value-Referenced Crypto Asset satisfies the criteria in sections (1), (2), (5) and (6) of this Appendix on an ongoing basis.
8. The Filer has policies and procedures to facilitate halting or suspending deposits or purchases of the Value-Referenced Crypto Asset, or Crypto Contracts in respect of the Value-Referenced Crypto Asset, as quickly as is commercially reasonable, if the Value-Referenced Crypto Asset no longer satisfies the criteria in sections 1, 2, 5 and (6) of this Appendix.
9. In this Appendix, terms otherwise not defined herein have the meanings set out in Appendix D of CSA SN 21-333.



## **APPENDIX D**

### **DATA REPORTING**

1. Commencing with the quarter ending June 30, 2025, the Filer will deliver the following information to the Principal Regulator and each of the Coordinated Review Decision Makers in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers with respect to Clients residing in the jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December:
  - (a) aggregate reporting of activity conducted pursuant to the Platform's operations that will include the following:
    - (1) number of Client Accounts opened each month in the quarter,
    - (2) number of Client Accounts frozen or closed each month in the quarter,
    - (3) number of Client Account applications rejected by the platform each month in the quarter based on the account appropriateness factors described in representation 25;
    - (4) number of trades in each month in the quarter,
    - (5) average value of the trades in each month in the quarter,
    - (6) number of Client Accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter,
    - (7) number of Client Accounts that in the preceding 12 months, excluding Specified Crypto Assets, exceeded a net acquisition cost of \$30,000 at the end of each month in the quarter;
    - (8) number of Client Accounts at the end of each month in the quarter;
    - (9) number of Client Accounts with no trades during the quarter,
    - (10) number of Client Accounts that have not been funded at the end of each month in the quarter;
    - (11) number of Client Accounts that hold a positive amount of Crypto Assets at the end of each month in the quarter; and
    - (12) number of client accounts that exceeded their Client Limit at the end of each month in the quarter.
  - (b) the details of any material Client complaints received by the Filer during the calendar quarter and how such complaints were addressed;

- (c) a listing of all blockchain addresses, except for deposit addresses, that hold Crypto Assets on behalf of Clients, including all hot and cold wallets;
  - (d) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harm and effects on Clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future; and
  - (e) the details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter.
2. The Filer will deliver to the Principal Regulator and each of the Coordinated Review Decision Makers, in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers, a report that includes the anonymized account-level data for the Platform's operations for each Client residing in the jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December for data elements outlined in Appendix E.

## APPENDIX E

### DATA ELEMENT DEFINITIONS, FORMATS AND ALLOWABLE VALUES

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
<b>Data Elements Related to each Unique Client</b>					
1	Unique Client Identifier	Alphanumeric code that uniquely identifies a customer.	Varchar(72)	An internal client identifier code assigned by the CTP to the client. The identifier must be unique to the client.	ABC1234
2	Unique Account Identifier	Alphanumeric code that uniquely identifies an account.	Varchar(72)	A unique internal identifier code which pertains to the customer's account. There may be more than one Unique Account Identifier linked to a Unique Client Identifier.	ABC1234
3	Jurisdiction	The Province or Territory where the client, head office or principal place of business is, or under which laws the client is organized, or if an individual, their principal place of residence.	Varchar(5)	Jurisdiction where the client is located using ISO 3166-2 - See the following link for more details on the ISO standard for Canadian jurisdictions codes. <a href="https://www.iso.org/obp/ui/#iso:code:3166:CA">https://www.iso.org/obp/ui/#iso:code:3166:CA</a>	CA-ON
<b>Data Elements Related to each Unique Account</b>					
4	Account Open Date	Date the account was opened and approved to trade.	YYYY-MM-DD, based on UTC.	Any valid date based on ISO 8601 date format.	2022-10-27
5	Cumulative Realized Gains/Losses	Cumulative Realized Gains/Losses from purchases, sales, deposits, withdrawals and transfers in and out, since the account was opened as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in, transfers out, deposits and withdrawals of the Digital Token to determine the cost basis or the realized gain or loss.	205333

<sup>1</sup> Note: Digital Token refers to either data associated with a Digital Token, or a Digital Token referenced in an investment contract.

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
6	Unrealized Gains/Losses	Unrealized Gains/Losses from purchases, deposits and transfers in as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in or deposits of the Digital Token to determine the cost basis.	-30944
7	Digital Token Identifier	Alphanumeric code that uniquely identifies the Digital Token held in the account.	Char(9)	Digital Token Identifier as defined by ISO 24165. See the following link for more details on the ISO standard for Digital Token Identifiers. <a href="https://dtif.org/">https://dtif.org/</a>	4H95J0R2X
<b>Data Elements Related to each Digital Token Identifier Held in each Account</b>					
8	Quantity Bought	Number of units of the Digital Token bought in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	4358.326
9	Number of Buy Trans- actions	Number of transactions associated with the Quantity Bought during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	400
10	Quantity Sold	Number of units of the Digital Token sold in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	125
11	Number of Sell Transactions	Number of transactions associated with the Quantity Sold during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3325
12	Quantity Transferred In	Number of units of the Digital Token transferred into the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	10.928606
13	Number of Transactions from Transfers In	Number of transactions associated with the quantity transferred into the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
14	Quantity Transferred Out	Number of units of the Digital Token transferred out of the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	603
15	Number of Transactions from Transfers Out	Number of transactions associated with the quantity transferred out of the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	45
16	Quantity Held	Number of units of the Digital Token held in the account as of the end of the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	3641.25461
17	Value of Digital To-ken Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788
18.	Client Limit	The Client Limit established on each account.	Num(25,2)	Any value greater than or equal to zero rounded to the nearest dollar in CAD, or if a percentage, in decimal format.	0.50
19.	Client Limit Type	The type of limit as reported in (18).	Char(3)	AMT (amount) or PER (percent).	PER